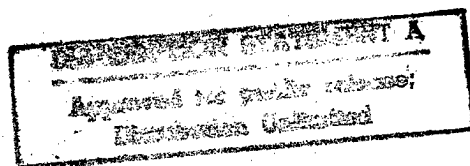


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# Latin America Report

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30 January 1984

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## CZECHOSLOVAK ROLE IN CONSTRUCTING POWER PLANTS DESCRIBED

Havana GRANMA in Spanish 23 Nov 83 p 2

[Article by Joaquin Oramas]

[Text] The construction of a 500-megawatt hydroaccumulator in Escambray and the building of the Juragua nuclear power plant in Cienfuegos, in which the USSR is contributing, represent fundamental areas of Czechoslovak contribution to the electrical energy development of Cuba.

Vlastimil Ehrenberger, the Czechoslovak minister for Energy and Fuel, made these statements shortly after he and his colleague, Marcos Portal, minister of Basic Industry, signed a protocol concluding the working visit to our country by his delegation.

Minister Ehrenberger first expressed his feelings of solidarity with Cuba and said that this, his first visit to our country, "is of great significance since it is occurring in a political climate rendered hostile by imperialism which has taken the form of aggression against Grenada where Cuban patriots fell."

He also referred to his country's cooperation with Cuba in the field of energy which he called extensive because it includes aspects related to energy conservation, load routing, operational systems for thermoelectric plants and losses in electrical energy transmission lines. He added that the talks constituted specific lines of cooperation for this 5-year period and that general ideas for the next period had been brought up.

He stated that the cooperation includes Czechoslovak aid for development of research and modern teaching equipment for the technician who trains the personnel who will work at the Juragua nuclear power plant. The Czechoslovak minister visited the site of the future Escambray hydroaccumulator which will assist the nuclear power plant's load graph.

During the night and early morning hours the hydroaccumulator will consume a large amount of the power generated by the nuclear plant. During daytime and so-called "peak" hours this power will be returned to the system. The minister stated that the nuclear power plant he also visited will be the first of its kind built to protect the nuclear reactor from earthquakes.

In addition, Minister Marcos Portal reported that during the working visit the plan to expand the Nuevitas 10 October power plant was revised. He stated that one of the 125 megawatt units currently under construction there will go into operation during the first quarter of 1984.

He said that as a result of the agreements, every year groups of specialists from MINBAS [Ministry of Basic Industry] will attend courses at Czechoslovakia's higher school of energy. He also said that Czechoslovakia will furnish supplies for and participate in the construction of the hydroaccumulator and the installation of two 250 megawatt units in the Felton area.

He reported that at present 13 percent of the electrical power generated in our country comes from Czechoslovak-built power plants and that this amount will increase in the next 5 years to 30 to 35 percent.

Attending the protocol signing were Milos Vojta, the Czechoslovak ambassador to Cuba and vice-ministers of Basic Industry, among other officials.

CSO: 3248/316



## BRAZILIAN EXPORTS TO ARGENTINA MAY BE MORE DIVERSIFIED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Jan 84 p 29

[Text] Rio de Janeiro--Gregorio Stukart, executive director of the Argentine Chamber of Commerce of Rio de Janeiro, said yesterday in Rio that one of the ways in which Brazil can overcome the import restrictions imposed by the Argentine Government is to expand and diversify its list of exports to that country, substituting for products which cannot be sold there now, such as textiles and shoes.

The businessman added that he is not yet in a position to assess the repercussions of the Argentine Government decision, because he does not know which imports have been banned, but he feels that, at long range, Brazil could intensify its bilateral trade with its traditional Latin American partner.

Stukart noted that the measure adopted by Argentine President Raul Alfonsin came as no surprise to business circles in Brazil and in other nations which export to our neighbor country, because it is part of a series of measures contained in the platform announced by the Radical Party during last year's election campaign.

One of those measures, perhaps the most important of those promised to the Argentine people, primarily to the business sector, was to impose severe restrictions on foreign purchases to save the nation's industry, which has been "devastated by indiscriminate imports, with the full protection of the government," Stukart said. In his opinion, the step by the Argentine Government had the justification and the goal of promoting resumption of the country's economic growth.

## New Prospects

Businessmen and specialists in the export sector view the restrictions adopted by the Argentine Government with some apprehension, because they could represent a recession in Brazilian trade with that country. Stukart pointed out that there is another important and encouraging factor: the change in the government of Argentina, which could result in the cementing of negotiations which were not feasible before.

According to Stukart, it was difficult to do business with the former Argentine Government, because broad changes were imminent in the administrative cadres and there was a deliberate purpose in putting off negotiations for more intensive

trade. Now, as Stukart understands it, the decisions being made, although they are being more intensely examined, may result in effective and long-lasting agreements.

According to CACEX [Foreign Trade Department of the Bank of Brazil], Brazilian exports to Argentina from January through October 1983 (the most recent figures) amounted to \$586 million, and imports totalled \$242 million, with a positive trade balance for Brazil of \$343 million [as published].

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CS0: 3342/46

## ZUAZO, ESTENSSORO SEEN RE-EMERGING IN POLITICAL CONFRONTATION

La Paz HOY in Spanish 19 Dec 83 p 2

/Commentary by Carlos Serrate Reich: "The Political Game"/

/Text/ This week was characterized by the political game. The term "political game" is applied to any plan or strategy implemented by the different elements operative in the public affairs of a country at any specific time.

So as not to deceive ourselves, let us take a look at the Bolivian political situation such as it is and not as we would like it to be. Having taken an indepth look, we can say that the Bolivian political situation is moving between the country's two major political leaders, namely the two so-called national caudillos. All the other parties, pressure groups, relevant personalities, trade unions, etc. are satellites of one or the other of these major stars, if the metaphor is valid, and there are also several satellites which are revolving in both orbits or which alternatively, for periods of time, are changing their orbits to one or the other star and back, according to circumstances. Thus, for example, we saw former interim presidents Walter Guevara and Lidia Gueiler elected to parliament on the slates of the MNR /Nationalist Revolutionary Movement/, headed by Dr Victor Paz Estenssoro. At this time they are ambassadors of Dr Hernan Siles Zuazo, constitutional president of the republic and head of the UDP /Democratic and Popular Unity/, the political party at the opposite pole.

It is obvious that the two major stars cannot move in conjunction definitively but rather in confrontation, in spite of their having been members of the same party leadership, from the founding of the MNR until 1964 when deputy leader Siles Zuazo joined the traditional opposition of the National Revolution to prevent the third presidency of the MNR head, Paz Estenssoro. In 1966, during a national MNR conference, when it was the party in opposition, and in the absence of Paz Estenssoro, the then-deputy head of the MNR, Hernan Siles, attained the designation of leader of the party. After that, the MNR, which had already experienced the breaking away of its rightist sector under Guevara Arce and the leftist sector under Jaun Lechin, had to operate with two heads, giving rise to the definitive split of Dr Hernan Siles Zuazo, cohead of the party, in 1971 when the MNRI /MNR of the Left/ was founded.

While Dr Siles Zuazo allied himself with General Barrientos in 1964 against Paz Estenssoro, in 1971 Paz Estenssoro allied himself with General Banzer every time

the anarchic situation of kidnappings and the popular assembly, like the Paris Commune, gave him the opportunity of obtaining historical revenge for the 1964 actions against him.

Since the alliances were merely a matter of early or later circumstances, Siles Zuazo broke with General Barrientos and Victor Paz broke with General Banzer. Both military men, in turn finally heads of the armed forces, rid themselves of their revolutionary allies, both leaders of the process of national revolution, and called upon their natural allies: unsavory oligarchs, the entrepreneurial mining sector, the importing bourgeoisie and the private banking sector, that is, the "new clique /rosca/."

In the 1978-1979 and 1980 general elections, one political leader had in his group the communists dependent upon Moscow and the other political leader had on his side the communists dependent on Peking. Thus the international Left attained positions they would never have been able to reach alone. In the same way, the MIR /Movement of the Revolutionary Left/, was linked with the Social Democratic Parties of Europe (particularly that of the FRG) and was now replaced in the government by the Christian Democratic Party (PDC) which is dependent on the Vatican through International Christian Democracy.

That is, the nationalist and national leaders are internationalizing internal politics before reaching an understanding between themselves.

We will enter 1984 in this situation. With one political leader exercising the presidency of the republic and the other in control of parliament in expectation of the democratic alternative, both are, therefore, vaccinated against alliances with the military.

In these circumstances and knowing the country's real situation, is it not naive to speak about national convergence? The die is cast, and the confrontation is clear and definitive: the UDP versus the MNR, represented by their leaders, Hernan Siles Zuazo and Victor Paz Estenssoro. It will be very difficult to maintain the cohesion of these political organizations when the respective caudillos have disappeared.

The vote of censure of the ministerial cabinet by the national Senate was a small incident in the Bolivian political game without greater significance or importance than a few bruised ministers; but there always have to be victims, just as there were on the island in the Caribbean called Grenada, in the struggle for world hegemony in which the superpowers are engaged.

The year 1984 will be the year of the great battle. Either Dr Siles Zuazo will last until 1986 or Dr Paz Estenssoro will be elected during the 1984 elections.

8143

CS0: 3348/177

## JOURNAL QUESTIONS GOVERNMENT SECRECY ON LEFTIST FOREIGNERS

La Paz EL DIARIO in Spanish 20 Dec 83 p 2

[Commentary: "How Many Cubans and Nicaraguans Are There in Bolivia?"]

[Text] The question posed by this epigraphic headline deserves a definitive answer. The silence of the authorities and their evasiveness when the press questions them on this matter are not good enough. Nor can we accept as absolutely certain the statements of some national representatives who charge that 100 or 200 foreign persons linked politically with the governing extreme Left are present in Bolivia. On this subject, we also cannot forget the statements obtained in several localities of the country by the armed forces and the Bolivian police, according to which alleged terrorists assert they have had contact with and have received orders from Cuban and Nicaraguan elements. However, in spite of the contradictions noted, there is one tangible fact: in Bolivia there is an indeterminate number of persons from Central America who are engaged in activities which have not been clarified during official or unofficial sessions with constituent parties of the UDP [Democratic and Popular Unity] and state organizations. Are these persons "economic" advisers, as some government sources are saying under their breath, or are they merely agents suitably trained for guerrilla activities and terrorism, as forces of the opposition maintain? It may be pointless for us to concern ourselves about a subject such as this in a democratic regime, on the supposition that those running the country are not hiding anything from the people. However, the truth is that while the people are simply observing a scenario in which there are frequently scenes of painful inconsequence and harmful immorality, behind the scenes there are serious preparations which are very far from stabilizing for the vacillating democracy in which we live.

Grenada and Nicaragua itself are irrefutable proof of the underhand and murky manner in which the Castro regime is operating. In the case of Grenada, it was known that 100 or 200 "advisers" were present in the country who finally, after the U.S. intervention, turned out to be more than 1,000 hardened guerrillas. In Nicaragua, where the Cubans conducted an intensive literacy campaign, it was discovered that about 2,000 Castroites were performing duties quite different from those officially mentioned. Is this also the case with Bolivia? No one can say for sure; however, the existing antecedents and official silence allow of statements to this effect.

However, there is evidence which does not fall within the framework of rumors. A credible eyewitness says that about 10 days ago, when for personal reason he was awaiting the arrival of a regular Lufthansa flight carrying a family member, he observed the landing of an airplane with a foreign registration number from which 40 or 50 foreigners deplaned and climbed into gray jeeps which were waiting for them, without their having complied with immigration or customs procedures. Similar cases demonstrate that our country is being converted into a kind of "no-man's-land" where anything is possible.

We call upon the competent authorities to do their duty and to definitively clarify the question we used as the headline of this news commentary. Failure to do so, in addition to their not performing their duty, will mean lack of respect for public opinion and the democratic system itself, which they claim to be defending.

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## CMN APPROVES 1984 MONETARY BUDGET; GALVEAS, PASTORE COMMENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Dec 83 p 22

[Text] Brasilia--After a 4-hour meeting yesterday, the National Monetary Council (CMN) approved the monetary budget for 1984. The budget foresees a 50 percent expansion of the monetary base (printed money) and of the money supply (paper money held by the public and demand deposits). It also foresees that Bank of Brazil operations will grow by 57 percent.

The CMN also decided to transfer 5.8 trillion cruzeiros from the fiscal budget to the monetary budget in fiscal year 1984. This will be done to fund different accounts in the monetary budget and to help finance the internal debt. It was also decided that beginning next year, the cost of credits for the agricultural and export sectors will be 100 percent of monetary correction plus a 3 percent interest rate. Concerning exports, the CMN decided that interest will no longer be charged at the beginning, but at the end of the financing operation. Finance Minister Ernane Galveas has estimated that these measures will result in an 85 percent actual monetary correction, plus 3 percent interest.

As for the agricultural sector, special measures have been maintained for rural producers in the northeastern region. They will pay 70 percent of the monetary correction until the first quarter of 1984, and 80 percent beginning on 1 July. The 35 percent subsidized rates for programs implemented in the driest areas have also been maintained. Small- and medium-sized enterprises will also pay next year 3 percent interest, in real terms, just as the agricultural and export sectors in the central and southern regions will do.

Concerning the internal public debt policy, the CMN decided that 1 trillion cruzeiros' worth of bonds will be redeemed next year. According to Galveas, this means that the public sector deficit will not be financed by selling securities, but instead by transferring fiscal resources.

#### Exports and Liquid Assets

The minister of finance gave assurance that the collection of 3 percent real interest from exporters--credit based on Resolutions 330, 643 and 674--will not hinder foreign sales next year nor will it place the goal of obtaining a trade surplus of \$9 billion at risk. This will be guaranteed by exports of \$25 billion, of which \$13.5 billion will come from manufactured goods alone.

The minister vehemently, and almost with irritation, denied speculations concerning a maxidevaluation in 1984 as a way of guaranteeing exporters' profitability. He stated that if in the coming year the upward trend in dollar value as compared to European currencies and the yen continues, the government will be able to adopt compensatory measures.

The Monetary Council also decided to adjust the rates on loans of liquid assets made by the private banks to the Central Bank, in yet another measure designed to guarantee the greatest possible monetary contraction in the coming year. In the first range, with 5 percent of the demand deposits reported as of 30 June of this year as its base, with a review every 4 months, the cost will be equal to that of the ORTN [National Treasury Readjustable Bonds]. The second will involve monetary correction plus 12 percent, and the third, monetary correction plus 24 percent. The minister of finance admitted during the press conference held after the council meeting that economic activity in this coming year will tend to increase in the second half of the year, with the resulting increase in the employment rate, since all of this strategy implemented by the government, through the fiscal, wage and monetary policies, is designed to reduce the rate of inflation.

By so doing, investment recovery will be made possible, enterprise production costs will drop and their recovery will become possible, resulting in greater employment. The minister was reluctant to promise any given rate of inflation for 1984, merely reiterating that it should be substantially lower than that this year.

Galveas admitted, however, that feedback pressures caused by the indexing of the economy, mainly through the wage policy approved by the congress, and the exchange policy, which will be maintained at parity with inflation to guarantee export profitability, will still persist. The minister said that the rate of inflation will still be high until January, but the course of inflation beginning in February will show a declining rate, in his view.

#### Interest Rates

In the view of Central Bank President Afonso Celso Pastore, who participated with the finance minister in the press conference, the interest rate in 1984 is likely to remain constant, in real terms, or decline slightly. He gave three arguments to justify this prediction. The first is that the public debt policy will lead to contraction, with plans for the withdrawal of 1 trillion cruzeiros in liquid assets, with an increase in the transfer of noninflationary fiscal resources to the monetary budget, at the same time, as compensation.

Secondly, Pastore said that the CMN will shortly adopt decisions on the reorientation of credit as a function of the various sectors of the economy. In his view, this will in the end reduce the cost of money, insofar as allocations are made as a function of the actual needs of each sector. Thirdly, the president of the Central Bank said that the "matching" of monetary correction to inflation will create new incentives for the use of fixed income certificates, and therefore will increase the resources available for banks



to lend. Since the monetary correction will be "pure" and without exceptions, Pastore believes that the spread (difference between the rate at which money is obtained and the rate paid for use) will tend to be reduced, being reflected in the final cost of money.

#### Foreign Adjustment

The minister of finance explained that the National Monetary Council no longer plans to approve the document on foreign scheduling for the coming year, the main parameters for which have already been defined by the government through negotiations with the International Monetary Fund. Galveas did not appear concerned about the possibility that the contracts pertaining to the "jumbo loan" of \$6.5 billion will not be signed by the end of the year (Pastore said he still believes the 29 December date is valid). He added that the important thing is that the "package" has been virtually completed.

Pastore, who spoke on this issue, said that the total volume of the country's back loans is increasing, but there is no danger of the development of non-performing loans, which are those classified by the banks as credit in liquidation and unpayable. He said that the country is continuing to make payments on its back accounts, so that they will not reach the 90-day limit.

#### New Money

The National Monetary Council also approved the elimination of the centavo denomination. This decision will still depend on a draft law scheduled to be sent to the congress in March of next year, as will the creation of 10,000- and 50,000-cruzeiro bills, which will, respectively, bear the portraits of Ruy Barbosa and Oswaldo Cruz. Galveas said that the choice of the individuals to be so honored was made by the president of the republic from a list of 74 names of national figures submitted to him.

The minister said that the council will meet again next Monday to complete its study of the agenda, which is to include a plan for regularizing the financial situation of the state banks, as well as other matters which "will be developing this week." Yesterday's decisions are to be announced today, and they pertain among other things to the budgets for the BNDES, the BNH [National Housing Bank], BNB [Bank of Northeast Brazil] and the Federal Economic Fund, which were also approved at the Monetary Council meeting.

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CSO: 3342/41

## GALVEAS VIEWS FUTURE DEBT TALKS, 1984 ECONOMIC PROSPECTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Dec 83 p 32

[Interview with Minister of Finance Ernane Galveas by Assis Moreira; date and place not given]

[Text] Brazil will only turn to the international financial market this next year to renegotiate the foreign debt falling due in 1985 and 1986, since that for 1984 has already been fully negotiated. This statement was made by Minister of Finance Ernane Galveas in an exclusive interview granted to O ESTADO, in which he explained why it is not possible to undertake an overall, or government-to-government, negotiation of the debt.

The minister of finance admitted that the policy of covering the foreign debt by increasing the trade balance at the cost of reducing imports and continuing recession is dangerous. But, he confessed, "we have no alternatives, and Brazil does not want to default on its commitments." He also said that within 3 or 4 years, Brazil will reduce its dependence on foreign sources for money and oil, and the country will then have "greater independence for the pursuit of its foreign policy."

He also spoke of moments of uncertainty and tension during the negotiations undertaken with the banking community in September of 1982 for the rescheduling of the foreign debt. And he believes that this is really the worst phase, the worst period in Brazilian economic history, worse even than the economic depression in 1929.

He realizes the suffering caused by the crisis, but noted that the government is not in a position to provide unemployment insurance. However, the minister remained optimistic in his message: If Brazilian society believes in the measures adopted by the government and if there is in fact a recovery in the world economy, Brazil may even begin to see growth again in the second half of 1984.

Galveas also attacked the businessmen who are "opponents of the government," and he condemned the inconsistent position of those who urge an end to recession and inflation, but oppose the economic policy at the first moment they feel the effects of the government measures adopted with those goals in view.

The minister of finance maintained that it is necessary to guarantee the expansion of credit because of the inflationary demand, the election debate

and the Argentine decision to freeze prices and increase wages. And he reiterated his appeal for society to trust the government, because inflation will decline, even in 1984.

#### Worst Economic Period Yet

The main segments of the interview granted by Galveas follow.

O ESTADO: What is it like to be minister of finance in the country which is the world's largest debtor?

Galveas: Without any doubt, there is a great difference between administering a country with a very large foreign debt and administering a country which has a normal foreign debt, as was the case with Brazil until 1973-74. I have served in the government for many years. I was an advisor to the ministers of finance from 1961 on, I served as the president of the Central Bank from 1967 to 1974, and I can say the following: this is truly the worst phase, the worst period in the economic history of Brazil. I believe that Brazil experienced a cruel and difficult period from 1929 to 1933, during the great world depression, and people can see this from the statistics. But even so, I believe that despite the great depth of the 1929 crisis, that which Brazil experienced between 1981 and 1983 has different aspects, but was more painful. In 1929, Brazil was an agricultural country. Two-thirds of the population lived in the rural sector, where the subsistence economy provides an important alternative for individuals without jobs, or when there is a decline in economic activity. Today this is not the case. Brazil is a highly urbanized and industrialized country. People have lost their jobs and the government is not in a position and does not have means to establish a social security system. Thus, then, the social suffering is much greater.

O ESTADO: What were the most difficult moments experienced by Brazil in the negotiations with the creditor banks with a view to rescheduling the foreign debt?

Galveas: I believe that we experienced some very difficult moments last year, during the period of uncertainty between September and December. This was when we began to have talks with the IMF, the official foreign government bodies and the international banking community. In a difficult period, when general elections were being held in the country, and when the attention of the whole world was focused on what might happen in the Brazilian economy, we had to maintain payments in the foreign area for practically all of 4 months, without the benefit of a flow of foreign financing, which practically came to a halt in September of 1982. From September until December we kept up with our accounts in order to maintain Brazil's credibility and to prepare the ground for international negotiations. This meant, however, the exhaustion of our reserves. We had to sell all of our gold reserves, the balance in our bank accounts, and the special drawing rights (SDR) we had with the IMF. We were left without reserves, but we succeeded in keeping Brazil's credibility in international financial circles at a high level. The American government gave us aid to get through this period, providing us with a bridge loan, and the Bank of Basileia (BIS) also gave us temporary aid until we had completed

our agreement with the banks. And on that basis, we arranged with the banking community the four proposals which were signed on 24 December 1982. This period from September to December was truly crucial, one of great suffering. I believe that never in our international negotiations have we had a period of such nervous tension in our relations with the international banking community.

O ESTADO: Economists of various inclinations and businessmen have questioned the way in which the foreign debt was renegotiated, because Brazil is reported to have agreed to accept only the volume of resources the bankers said they were prepared to provide. And the question is also raised as to why Brazil did not undertake government-to-government negotiations.

Galveas: The majority of the individuals discussing this matter do not know what they are talking about. They are apprentices who are here seeking to understand matters with which they are not familiar, and they end up speaking nonsense about the need to negotiate government to government. I sincerely regret that some people, including economists known for their abilities, and very successful businessmen, continue to reiterate these idiocies, as if we had not explored all of the possibilities, including those most advantageous to Brazil. We are professionals in public administration. The individuals in the government are all experienced in this type of work. Then some of these adventurers, these "tipsters," come along and begin to say that the negotiations were badly done, that we should negotiate government to government, as if it were possible to gather all of the governments together around one table and impose a certain kind of negotiations upon them. We are doing what it is possible to do, in terms of the market conditions and the attitudes of the bankers, the other countries, the international institutions. It is not only we who are engaged in negotiations. Chile, Argentina, Paraguay, Uruguay, Peru, Ecuador, the Philippines, Korea and Greece are too. Why haven't the other countries succeeded in achieving better conditions than Brazil in government-to-government negotiations? No one has secured better conditions than Brazil, unless it is Poland, which declared bankruptcy and informed the world that it simply could not pay. Negotiations with Poland are still trailing today in the Club of Paris, and there is a tremendous economic crisis there. They have not succeeded in overcoming their difficulties, because they have not succeeded in resolving their foreign debt problems. Brazil has succeeded in doing this. Life in Brazil has been made difficult by the recession, by the decline in economic activity, but this is one facet of certain segments in our national economy. In a number of regions in the country, the people do not even know what crisis means, because the country is continuing to function normally, as if nothing had happened in the foreign sector.

O ESTADO: This year, Brazil underestimated the need for new resources and now needs to pay out \$3 billion out of the \$6.5 billion being negotiated in order to cover the balance of payments. Who can guarantee that the figures will not be underestimated again for 1984?

Galveas: This approach is wrong. We are negotiating a new loan with the banks to cover the two periods--that which remains of 1983, and the year

1984. This was also negotiated with the Club of Paris, the World Bank and the IMF. Of this sum of \$6.5 billion, \$3 billion pertained to 1983, to cover the deficit in the international banking system financing of our projects 3 and 4. This has already been arranged. And \$3.5 billion covers 1984, plus the Club of Paris, BID [Inter-American Development Bank], World Bank and IMF loans. The problem is solved. The \$6.5 billion sum is absolutely sufficient to cover the Brazilian financial scheme for these two years.

O ESTADO: Brazil will only turn to the financial market, then, in the coming year, to negotiate the 1985 debt? Or for global negotiations?

Galveas: When Brazil returns to the negotiating table in 1984, it will be to discuss 1985, and perhaps 1986. We do not want to undertake global negotiations because this is not the best way of pursuing negotiations at this time either. If we had undertaken global negotiations in 1982, we would have lost the advantage of the improvements in conditions in 1983. In 1982, we negotiated lower interest rates for 8-year periods, with 2.5 years' grace. Now we are seeking a reduction in interest. We have already included interest and principal in the negotiations with the Club of Paris, and have obtained a 9-year payment period with 5 years' grace with the banks, and 5.5 with the Club of Paris. Conditions are improving. There is no advantage at all in undertaking global negotiations. Thus we need to proceed with negotiations which can provide better conditions than those obtained earlier.

#### Balance of Payments Adjustment

O ESTADO: Argentine Minister of Economy Bernardo Grispun has said that the foreign debt problem is no longer the problem of the debtor, but of the creditor, since the debtor no longer has anything to lose. As the negotiator of the largest foreign debt in the world, do you agree with him?

Galveas: We also believe that these negotiations serve mutual interests. The banks have very high credit with the developing countries, as is the case with Brazil. We have evidence, then, that it is greatly in their interests to engage in these negotiations to avoid the problem of interrupted payments. And it serves our interests too. Therefore, it is possible in successive negotiations to continue to reach a better understanding and more favorable conditions.

O ESTADO: Isn't this Brazilian government policy of paying debts by means of continued expansion in trade balances dangerous, since these balances are obtained at the cost of reduced imports and continuing recession?

Galveas: This is truly a difficult way of attacking the problem of adjusting the balance of payments. But we have no alternative. Either we do this and pay for basic imports and interest, or we cease to pay. As Brazil does not want to abandon its commitments on the international market, preferring the path of negotiation, of agreed-upon negotiations scheme, we must make an effort on our part. Our creditors give us 9 years to pay, with 5 years' grace. And we for our part are increasing the trade balance in order to reduce the dependence of the Brazilian economy on international loans. With

this balance, we are really somewhat reducing the capacity for expanding economic activities, but at the same time we are strengthening the Brazilian structure in terms of the international situation. I imagine that within something like 3 or 4 years, Brazil will be in a very independent position in relation to the international financial markets, just as it will be in terms of oil imports, because these are two areas in which we are working with great difficulty, but with great success.

O ESTADO: But do you agree that in this connection, Brazil is in practice transferring income abroad?

Galveas: It is true that even with the development of major trade balances, to the extent that they are lower than the interest paid on foreign loans, this means a negative resource hiatus. In other words, Brazil is transferring income abroad, with no liquid absorption of foreign capital. This exerts a major influence on the gross domestic product, and means a reduced capacity for growth. But it is temporary. We are going to pursue a policy of this sort for 3 or 4 years, with the adjustment of the Brazilian economy to this new international situation, and a reduction of our country's dependence on the need to obtain successively larger foreign loans. And I believe that the national economy is strengthened thereby.

O ESTADO: The analyses of the Brazilian economic situation in 1984 are filled with anguish about what is happening, and greater fear about what may yet be ahead. Is the government optimistic, Mr Minister?

Galveas: I would not say that the government is optimistic, but the authorities in the economic sector are very confident that things will begin to improve and that 1984 will present a better picture than 1983. What we sense in some indications, on the part even of some businessmen, is that there are some stubborn pessimists, and a large group which does not really want the administration of the Figueiredo government to succeed. Thus they have taken every opportunity to proclaim negative and tragic prospects for the Brazilian economy, saying that recession will be worse in 1984, that inflation will increase and unemployment worsen. I believe that there are no indicators pointing in that direction. In other words, these are persons who are really working with a view to denigrating the results of the economic policy and creating difficulties to prevent success in this policy. They are adversaries of the government. Some of them are openly so, and others are not, but insinuate their effect through these statements. Now everyone agrees that the majority of Brazil's difficulties come from abroad, from the world recession.

O ESTADO: But the recession is continuing...

Galveas: Domestically, the majority of our analysts agree that the problem of more acute recession is the result of the resurgence of inflation, with these very high rates between 1981 and 1983. Thus if domestic inflation is mainly responsible for the deterioration in this situation, it is necessary to combat inflation. And this means reducing public expenditures, cutting off subsidies and containing monetary expansion. Now when you reduce public

expenditures, reduce factory orders for equipment, reduce public projects, when you cut off subsidies, there is an initial rise in prices, followed by a tendency toward stabilization and decline. In order to combat inflation, then, with an excessive inflationary demand, one must obviously control the means of payments and the expansion of credit. But when the government adopts such measures, the moment each sector feels the first effects, it begins to oppose the government policy strategy. I believe that there is inconsistency in these positions. The individuals who want to end the recession and reduce inflation must be consistent, and accept that in order for this to happen, it is necessary to reduce the inflationary demand existing in the country as a function of a series of things which occurred mainly beginning in the second half of 1982, and were aggravated by the exchange devaluation, the torrential rainfall, flooding in the south and the drought in the northeast. We have had structural factors aggravating inflation in 1983. But along with this, we have had a monetary expansion which consolidated these higher levels of inflation. It is necessary to reverse this process. And this is what we are doing, and for this reason we fail to understand why some critics still think that the government policy is recessive, when the recession is caused by other factors and the government has taken steps to correct them.

#### No Connection Between Direct Elections and Finance

O ESTADO: If Brazil wants to master inflation and resume development, what would be the problem in making a decision identical to that by the new Argentine government, which has frozen prices and increased wages?

Galveas: Each country has its own characteristics, and adopts policies consistent with its positions, its own society, the development of the segments of its own economy. Argentina will pursue its own path, and there is no reason to compare the policy pursued in Brazil with that implemented in Chile, Argentina or the United States.

O ESTADO: But do you not agree that direct elections, giving the government legitimacy, would facilitate the program of adjustment, of reducing inflation and resuming growth?

Galveas: No, I believe that this is nonsense. It is an approach which perhaps serves the purposes of some political factions. But direct elections have nothing to do with the economic situation or with the status of inflation in the country. You see that there are countries with inflationary situations in the world which have direct elections and are in difficulty, and there are countries which have indirect elections and they have difficulties too. In the Brazilian process, we have direct general elections today, except for the presidency. But if you look closely, the same process exists: the candidates for the presidency of the republic are not chosen by the whole of the population, but at the conventions of the political groups. Thus there is no difference, and the one thing has absolutely nothing to do with the other.

O ESTADO: In terms of public financing, what would a direct presidential election in 1984 mean?

Galveas: I also believe that this would not mean much from the point of view of deflecting the economic policy from the established path. For in the federal sector, the elections do not have the same implications involved in the general elections of 1982, as we have seen, when the increase in the deficit and expansion of public expenditures exceeded expectations, for the reason that there is not direct control over each of these government units. But in the federal sector, from the public expenditures point of view, we will pay no attention to the elections.

O ESTADO: Are you in favor of direct elections?

Galveas: I see no major difference from our current process, in which we have a college which is quite representative of the various segments of society. Yet I believe that there is really a major desire among the Brazilian people for direct elections. But I do not see any possibility for having a direct election in 1984, because in my view, the process has already been, for all practical purposes, defined.

O ESTADO: Of these PDS [Social Democratic Party] candidates, which has your sympathy?

Galveas: I really do not have any political position with regard to the candidates. We in the government are following the guidelines of President Figueiredo.

O ESTADO: Mr Minister, there is a consensus to the effect that there has been a political liberalization of the regime. But the businessmen complain that, in the economic sector, a technocratic dictatorship continues.

Galveas: I believe that this is another idiocy, because people talk of economic decentralization, but often, to judge from the suggestions I see in the press, they do not know what they are talking about. The central government engages in economic policy activities by means of indirect measures and direct intervention in the economy. What we complain of is, on the one hand, the government as businessman, exploring sectors of the economic area which should be left to private initiative. But it is clear that the government has set limits for itself and it is even seeking to withdraw from a large number of businesses in which it was involved. In the area of regulation, the government is also seeking to reduce its intervention in the economic process, but it cannot, obviously, abandon establishment of the fiscal, monetary and foreign exchange policy. Then I have seen that some businessmen and politicians complain, for example, that they play no role in this process, that their opinions are not sought first. And I do not see this. They have professional associations and can make suggestions to the government, taking the initiative to submit proposals.

O ESTADO: But the drafting of the fiscal budget does not in fact involve any participation by the national congress. And the politicians also complain that the Central Bank has excessive authority.

Galveas: The fiscal budget, in the majority of countries, is drafted in the executive sector and is sent to congress, which plays an important role in



approving it. I believe that our technique is the same, with the drafting of the fiscal budget by the executive branch and approval by the congress, although the latter cannot add supplements to it which might lead to the distortion of budget stability goals. In connection with the authority of the Central Bank, major economists are on the contrary advocating its independence, so that it can have more power.

O ESTADO: Mr Minister, do you not agree that there is a need for broad financial and fiscal reform, in order to disrupt the speculative process and encourage productivity again?

Galveas: The fact is, if you can tell me in what direction a broad financial and fiscal reform could be pursued, I can give you an answer. But to date no one has been able to say. We ourselves took the initiative in starting the debate on tax reform. And we saw, from the discussions by academicians, by experts, by the states, that what is really needed now is not tax reform, but improvements which we are carrying out in gradual fashion. As to financial reform, again I think not. We are still pursuing an experiment begun in 1965, with Law No 4595 (Banking Reform Law) and No 4728. It would be too soon to think of changes in this sector, and I believe that the launching of an idea of this sort without specifying its context or its limitations is rather hasty.

O ESTADO: There has been considerable criticism by business sectors of the decisions adopted by the CMN [National Monetary Council] to eliminate subsidies and to limit the monetary offer to 50 percent. With this elimination of subsidized rates, how much of an increase in resources for trade and industry will there be, for example?

Galveas: If the majority believes that subsidies, including the subsidized interest rate for rural and export credit, are imposing an inflationary burden on the government, it becomes necessary to do away with them in fact, doing what other countries have done. There have been so many suggestions calling for the elimination of the subsidy that it shows the majority is on the right track.

O ESTADO: What will the government do about the public debt in 1984?

Galveas: It will continue to administer it just as we have been doing in recent years. In 1983, we rolled the debt forward less than the level of its maintenance in real terms. We are absorbing more than one trillion cruzeiros in the handling of the public debt this year. In 1984, we will administer the debt without exerting pressure on the market to obtain resources. We will try to roll the debt forward a little less than the level of maintenance in real terms. This means a reduction in nominal terms of about 1 trillion cruzeiros. The government will thereby create space for private enterprise, which means a possibility of lower interest rates.

O ESTADO: Is it not excessively optimistic to hope for an inflationary rate of 75 percent in 1984, as compared to the 210 percent this year?

Galveas: No one has spoken of an inflationary rate of 75 percent. This is a weighted average for the months of 1984. Inflation will be what emerges as a result of the policies we adopt, and it may be less than 75 percent or a little more. But I really believe that conditions exist for reducing inflation in 1984 to half that in 1983.

5157

CSO: 3342/41

## ECONOMIC AUTHORITIES ACKNOWLEDGE PROBLEMS WILL PERSIST IN 1984

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jan 84 p 30

[Text] A record inflation of 211 percent; a decline of 3.9 percent in the product which may be even greater; negative reserves of nearly \$3 billion, leaving the country totally vulnerable abroad; record indexes of recession and unemployment: these are the indicators of the worst performance of the Brazilian economy for all time, alleviated only by the trade surplus of \$6.5 billion, albeit at the cost of a severe pressure on imports, and by success in the energy policy: a peak of 432,000 barrels per day of oil production and the production of 8 billion liters of alcohol.

This 1984, the second year of enforcement of the policy of adjusting the economy negotiated with the International Monetary Fund (IMF) based on the institution's orthodoxy, will also be "a difficult year," as the economic authorities admit. To meet the even stiffer commitments to the Monetary Fund, the government backed a substantial change in the handling of economic policy, reflected primarily in the elimination of subsidies for credit (both agricultural and for exports) and consumption; a change also reflected in a severe pressure on public investments (a real decline of 25 percent in comparison with 1983), and in an attempt to curb the oppressive growth in the foreign debt, which ended 1983 with a record balance of 25 trillion cruzeiros and which, this year (according to the government's plans), should stabilize its real growth, reaching the end of the fiscal year with a net quittance close to 1.0 trillion cruzeiros.

## Tight Money

During 1983, the monetary budget established an annual rate of 60 percent for the growth of the leading monetary aggregates: the mediums of exchange (M1) and the monetary base. Both ended the year expanding 90 percent. That year, the goal set was 50 percent for both, but this time (the authorities promise) it will be faithfully complied with, for several reasons, including the fact that the IMF staff does not seem willing to continue renegotiating the Brazilian adjustment program every 2 months, as it did last year, owing to lack of fulfillment of the negotiated goals.

It would appear that the government is greatly inclined to carry ahead its plan for monetary control, because for the first quarter it set stringent

goals for the variation in the monetary base (2 percent) and the medium of exchange (-3.8 percent), in comparison with the actual balances of 31 December 1983. This means that, during the first three months of the year, business firms will have an even greater tightening of credit, complicated by new increases in interest rates. The major difficulties will be felt by small and medium-sized firms which, in addition to the quantitative restrictions that they have always had to confront, will now have more expensive money, because the subsidy for them has also ended; like the rural producers and exporters, the small and medium-sized business owners will pay for a total monetary correction plus 3 percent annual interest starting this year.

#### Growth?

The head of the Planning Ministry's economic advisory group, Akihiro Ikeda, in giving details of the promise from the ministers of planning and finance, that there would be a reactivation of the economy during the second half, claimed that this would be guaranteed by a release of restrictions on imports of raw materials essential to the operation of industrial equipment; with nearly \$800 million reserved for this purpose out of a total of \$1.3 billion that will be released to the private sector, resulting from the savings of \$1.0 billion on oil imports and a cut of \$300 million for imports of other state companies.

However, he himself admitted that the release of imports for the private sector will depend essentially on the behavior of the trade balance during the first half; because the priority is to obtain a trade surplus of \$9.0 billion, which is essential for settling the external accounts with the IMF and the international financial community.

Converted into small change, this means that if, during the first half, exports do not show the performance anticipated, imports will have to undergo a more drastic pressure to compensate. In this contingency, the openness allowed for oil and the raw materials and equipment of the state entities will be absorbed, either wholly or partially, to generate a trade surplus.

The best evidence of this intention of the government is that, during the first quarter, business firms may import, on a monthly basis, only up to 7 percent of the exports actually made during the same month last year. In addition, CACEX [Foreign Trade Department] has set up the most complicated and bureaucratized system for administrative control of imports, for the purpose of preventing business firms from purchasing raw materials and equipment abroad outside of the stiff regulations that have been established.

#### Inflation is 'Maxi'

The year has begun with monthly inflation declining and with the expectation of maintaining that trend throughout the first quarter, when it is expected that the cumulative rate will be under that of the first quarter of last year. The rate in December 1983 was 7.6 percent, and that for January increased beyond 8 percent, as a result of the effect of the money supply which entered

the economy at the end of the year; but that of February will return to 7.5 percent, and that of March may drop to between 6.5 and 6.8 percent.

This trend should be guaranteed by the relative decline in farm prices which, last year, increased 300 percent in comparison with a GDP of 211 percent, resulting mainly from the crop loss amounting to about 5 million tons of grain. However, the authorities themselves admit that farm prices are contingent on two factors that have been unpredictable to date: first, the effect of the elimination of subsidies, the compensation for which should be made by a price system, hence, assuming a considerable rise; the second, weather, because a repetition of the weather disasters that affected the south central region (floods) and northeast region (drought) could produce another situation of food shortages, particularly because the stocks are depleted.

There is also the question still posed regarding maxi-devaluation. Although the economic authorities insist upon claiming that 1984 will not have another "maxi," exporters do not believe this, and are wagering on an exchange alteration of from 15 to 25 percent, between March and June; especially if there is a continuation of the trend toward raising the value of the dollar as compared with the European currencies and the yen, which has the effect of reducing the competitive status of Brazilian exports to Europe and Japan.

2909

CSO: 3342/47

## FEAR OF RISING UNEMPLOYMENT GREATER THAN IN PAST YEARS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Dec 83 p 22

[Text] The fear of unemployment in 1984 is much greater than that recorded in previous years, according to a survey taken between 9 and 30 November in 180 cities in 20 Brazilian states, in which 2,567 people were interviewed--1,290 men and 1,297 women. The expectation that unemployment would increase next year is greater among people with greater earning power and higher education.

According to the Gallup Public Opinion Institute, which conducted the survey, fear of unemployment was greater than in previous years in all regions of Brazil. In the larger cities, primarily in the capitals, the expectation of higher unemployment next year is greater than in the small and medium population centers. In contrast to the fear of the Brazilians, the institute reported that in most of the countries in which a similar survey was conducted at the end of 1983, the expectation of unemployment was smaller.

Of those interviewed, 63 percent said they expect more unemployment next year; 72 percent of these belong to Class A and 71 percent had a higher education. Only 19 percent felt unemployment would decline, 13 percent felt the situation would remain the same and 5 percent had no opinion. People have not been so pessimistic since 1980, when 68 percent said they feared unemployment in the following year.

In the capitals, 68 percent of the respondents expected higher unemployment; 18 percent thought it would decline, 11 percent thought there would be no change and 3 percent had no opinion.

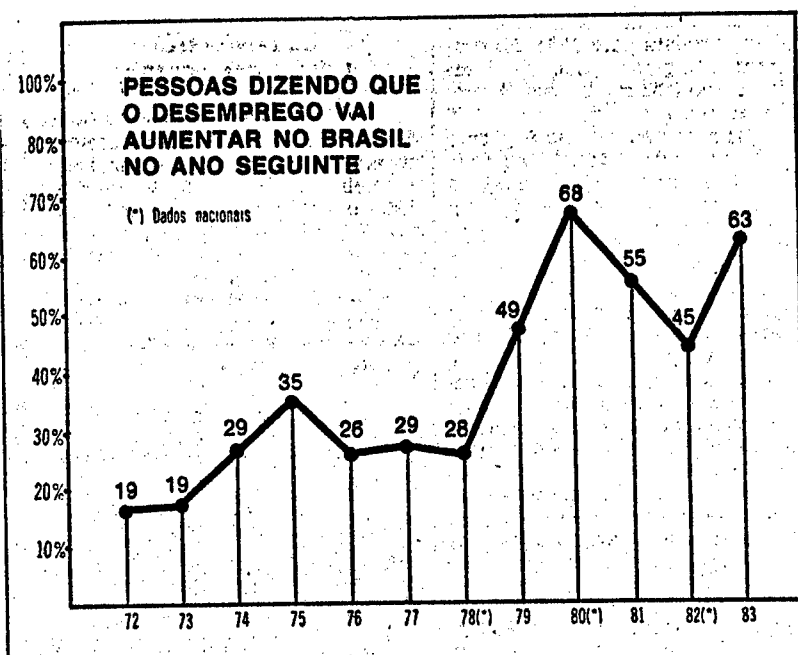
Compared with the previous year, the expectation of rising unemployment grew most in the central/western north and in the southeast (up 26 percent and 20 percent, respectively). In the former region, 70 percent of the respondents feared unemployment, and in the southeastern region the figure was 65 percent.

## Rising Fear

According to data from previous Gallup Institute surveys, the expectation of rising unemployment has been increasing in recent years. That fear began to

show a sharp rise in 1979, when 40 percent of the respondents were pessimistic. In 1980, the figure was 68 percent, dropping to 55 percent in 1981 and 45 percent in 1982, whereas 10 years ago, those who thought unemployment would rise in the country represented only 19 percent, the same figure as in 1972. After that the figure rose consistently until 1975 (35 percent) and dropped to 26 percent in 1976. In 1977 the figure rose again (29 percent), declining slightly in 1978 (28 percent).

Table: Respondents Expecting Unemployment To Rise in Brazil in the Following Year



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## DNPM FORECASTS 1985 GOLD PRODUCTION AT 100 TONS ANNUALLY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jan 84 p 31

[Text] The National Department of Mineral Production (DNPM) announced that in 1983 the national gold production was the largest in the entire history of Brazil, amounting to 52.5 tons, more than doubling the production from the gold mines, which rose from 22 to 45 tons, plus a production of 7.5 tons of primary gold.

In addition to this record, four gigantic nuggets were discovered in Serra Pelada, one of which, in Canaa, discovered by the Julio de Deus Filho gold mine on 13 September, weighed 62.3 kilograms, and is the second largest nugget ever found in the world.

These four nuggets were purchased by the Federal Savings Bank (CEF) (the Canaa one cost 697,847,220.00 cruzeiros) and will be kept in the museum that is being organized on the ground floor of the bank's headquarters in Brasilia.

The production was not greater only because 35 percent of the country's gold is smuggled, or "purloined," in the sector's terminology. This means that the real gold production may be estimated at 70 tons, and the prospect that, in 1985, Brazil will produce 100 tons per year of the yellow metal, worth nearly \$1.3 billion at today's prices, is quite possible.

According to DNPM, there are factors which lead one to believe in this potential. First, the unemployment in the south central region, and the drought in the northeast, are forcing labor into the gold mining areas. Secondly, there is a liquidity of guaranteed investment, because CEF buys all the gold that is produced. Finally, the space that the press has been devoting to the gold sector in Brazil has caused a genuine conscientization among Brazilians that it is not a sin, but rather very lucrative, to deal in gold. With the creation of the gold business on the stock exchange, there has been a democratization of opportunities insofar as the gold trade is concerned.

DNPM also predicts that the diversion of gold will continue to decline. In 1979, the official production was 4.3 tons, primarily of mine gold, and a real production of 25 tons. The gold mines produced 21 tons of gold which did not enter the official circuit. Now, this trend has been reversed, and most of the production is coming under government control.



## Infrastructure

Contributing to this was the creation of an infrastructure to follow up the gold mines, such as the one in Serra Pelada, where the government has provided conditions for more production to occur, under improved social circumstances. In Serra Pelada, stations of the Federal Police and Federal Revenue Service were created, as well as branches or agencies of COBAL [Brazilian Foods Company], CEF, DNPM, the Post Office, SUCAM [Superintendency for Health Campaigns] and the SESP [Special Service for Public Health] Foundation, among others.

This same structure is being established at the Cumaru and Tapajos River gold mines, to which DNPM is attempting to send the majority of the gold miners currently in Serra Pelada. Because of the political problems associated with the country's largest gold mine, which still remain unsettled, the production may drop from 14 to a 6-ton maximum in 1984. Tapajos should increase its current production of 9 tons per year by at least 50 percent, and Cumaru should double its 6-ton production.

2909

CSO: 3342/47

## CENTRAL BANK OUTLINES COMPENSATORY MEASURES FOR EXPORT SECTOR

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Dec 83 p 31

[Text] The Central Bank has established a series of compensations for the increase in financing charges for the export sector, unlike the rules established for the rural producer. In connection with the rules in effect until the end of this year, exporters will beginning in January pay the charges only when the credit falls due. The Ministry of Finance will expand the range of products receiving support, and the Foreign Trade Department (CACEX) of the Bank of Brazil will be more tolerant in establishing financing limits. Export trade enterprises will also benefit from more favorable treatment, with financing periods of up to 360 days and coverage of up to 100 percent of the value of exportable manufactured goods being allowed.

The industries with basic certificates of authorization issued up to the end of this year will have guarantees of export financing with previously established interest of 60 percent per year, in operations with maturity periods of 180 days. With these exceptions, the new interest charges of 3 percent per year plus full monetary correction will be effective beginning in January.

On financing renewals, the exporter will pay the interest of 3 percent per year based on the preestablished monetary correction: 130 percent per year up to 60 days; 135 percent from 61 to 120 days; 140 percent from 121 to 180 days; and 145 percent per year on the preestablished correction as of the 181st day.

Renewal may not involve a maturity period extending beyond the expiration date of the authorization certificate.

The Central Bank has warned that "the export enterprise may have its export, or if applicable import, registration with the CACEX suspended if nonfulfillment of the tax obligation--export tax--within the period and according to the procedure established by the minister of finance is established, independent of the collection of the tax, fine and legal supplements."

Statement by Viacava

The director of the CACEX, Carlos Viacava, speaking in Brasilia yesterday, defended the elimination of subsidies for export credits beginning next year, stating that "the increase in interest rates was a measure which became necessary because we must combat inflation in Brazil. If inflation declines, this will provide an advantage to the exporter too."

"The increase in financial costs for export products resulting from the resolutions approved by the National Monetary Council on Tuesday will have to be compensated by a reduction in the tax burden and other measures, if the market does not provide price compensation," the president of the Brazilian Vegetable Oils Industries Association (ABIOVE), Martinho Faria, said yesterday in a speech given in Sao Paulo during a dinner offered to honor the director of the CACEX, Carlos Viacava.

In his response, Carlos Viacava said that with the success of the farm harvest, the trade balance of \$9 billion in 1984 is guaranteed. In his view, the possible difficulties created by the withdrawal of subsidies for exports are being offset by the continuing minidevaluations of the cruzeiro, the reduction of taxes on farm products and the maintenance of the credit premium.

#### Lower Taxes

In the view of the technical superintendent of the Foreign Trade Studies Center Foundation (FUNCEX), Robert Fendt Junior, the country's export activities do not lack support, despite the decisions of the National Monetary Council, since they continue to benefit from lower interest rates than those in effect on the free market sector.

The president of the Brazilian Association of Export Trade Enterprises (ABECE), Carlos Casagrande Sehbe, speaking in Rio yesterday, suggested the liberation of imports for private businesses, including oil and wheat, "which are concentrated in the hands of the state today, because otherwise it will be difficult to achieve the foreign sales goals of the government next year."

He added that the decisions of the National Monetary Council will increase the interest rates on export credit and providing for major subsidy cuts will be effective in the long run, but require an aggressive competitive approach to exports, which will only be possible with new internal mechanisms.

5157

CSO: 3342/41

## CAMILION'S NEGATIVE COMMENTS ON FUTURE BILATERAL RELATIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jan 84 p 3

[Text] Mr Oscar Camilion (former foreign minister and former Argentina ambassador to Brasilia), as he himself states, belongs to a "clear-headed minority" that wants relations between Argentina and Brazil to be closer. His performance, paving the way, in the Sargasso Sea into which the relations between the two government had been converted (as a result of the chauvinistic spirit of a great power that marked the Geisel administration) will always be remembered as an accomplishment of diplomatic dedication, search for consensus and effort to find paths to conciliation without hurting Argentine national interests nor putting Brazilian interests in a bad position.

For all these reasons, the article written by His Excellency on Brazilian-Argentine relations, seeing "negative waves" in the future, sounds strange. It is quite true that, citing signs and nothing else, and cautioning (with just cause), it is the analyst's obligation "to note the potential trends and thus warn against them." But what are the "slight indications" that concern him? One is of a protocolar nature for which the Brazilian Government would be responsible; another is of a politico-institutional nature which in his view, does not have any tangible author. Let us see how the issue is put.

In Camilion's view, the sending to President Alfonsin's inauguration of an official delegation headed by Minister Leitao de Abreu was not a good decision on the part of the Brazilian authorities, for the simple and good reason that, despite the prominence of the head of the Civilian Household, "in the protocolar area, he does not hold an important position on the scale of precedence." If it is protocol that matters, Camilion is quite right; even if one does not have at hand the texts stipulating the order of precedence in the republic, it is quite obvious that the head of the Civilian Household does not hold a leading position therein. From that bureaucratic standpoint, and so that no offense would be seen in Brazil's position, it would have been proper to have sent the minister of justice or foreign affairs, or of navy, as head of the delegation. However, which one of them plays the role that Prof Leitao de Abreu represents in the direction of Brazil's internal and external affairs? Rather than the protocolar relationship, the political influence of the delegation head is what matters. If Prof Leitao de Abreu went unnoticed amid the heads of state and government, it would not have been because he holds the protocolar position that he has; it is because the other guests made a point of thinking

bureaucratically and forgetting that, in spite of everything, Brazil is still important, particularly in Latin America.

Camilion cannot blame the Brazilians for the second sign: the Alfonsin government's concern with democracy; in other words, with "institutional exporting," and the invitation tendered to a bright delegation of opposition members to the celebration of the Argentine civilian president's inauguration.

The former foreign minister would not want those in Brasilia who think of everything in terms of black or white to be observing with pleasure the impetuous haste with which the civilian government in Argentina is settling accounts with a difficult past. It is certainly not with pleasure that they have observed things happening, especially noting that, when not yet in office, President Alfonsin made rather undiplomatic comments regarding the Brazilian regime which, while it is not a perfect democracy, cannot be assigned to the potter's field of dictatorships or authoritarian systems from which the Argentines are now emerging, among other reasons, as a result of the military defeat.

The years that he spent in Brasilia enabled Camilion to learn the state of affairs in Brazilian government circles, wherein one does not forget the lack of courtesy with which General Lanusse treated General Medici. Hence, he knows that it is not good policy to create conditions to identify the Casa Rosada with the delirium of the Brazilian opposition. It would, moreover, be a good idea for that not to happen, so as not to provide more or less of an excuse for those who think of matters in black and white.

Now if those are the two areas to blame for the "negative waves," it should be realized that the origin of all this lies in Buenos Aires, not Brasilia. If protocol is taken so seriously in San Martin Palace or the Casa Rosada that the political influence of individuals does not matter, Brazil is not to blame. If, before taking office, President Alfonsin gives a hint of trying to provide lessons in democracy to the government and people of Brazil, it is only natural for the Brasilia authorities to feel offended.

The important thing, in both instances alike, is not to attach too much importance to signs, causing them to turn into facts as a result of the repercussions. Rationalizing by signs is closely associated with military thinking (and Mr Oscar Camilion realizes this): taking them to their logical extreme, protocolar facts are converted into political facts. The sign unquestionably exists, but the reality also exists, speaking louder than the former; and that is the good relations between the two countries, which defied Lanusse and Geisel. That reality should not be sacrificed to the "institutional exporting" of President Alfonsin or the Brazilian opposition, in this as in many other instances, assuming the clearcut nature of an importing.

2909

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## ACTIVITIES, PROSPECTS OF PDS PRO-DIRECT ELECTIONS FACTION

## January Meeting Planned

Brasilia CORREIO BRAZILIENSE in Portuguese 10 Dec 83 p 3

[Article by political editor Emilio Braga]

[Text] Deputies Alberico Cordeiro and Israel Pinheiro Filho, the organizers of the PDS [Social Democratic Party] Pro-Direct Elections Group, announced that a meeting of PDS governors, senators and federal deputies will be held in Brasilia in January for the purpose of assessing the possibilities of waging a national campaign in favor of direct elections while the recess is still in effect. At least one PDS governor, Luis Gonzaga Mota of Ceara, has already promised to participate in the meeting and the balance of the campaign, giving assurance that he "will engage, breast bared, in the struggle." However, it is expected that six other governors, at a minimum, will give their immediate support to the campaign, beginning with the confirmation that they will attend the meeting in Brasilia.

The Pro-Direct Elections deputies also challenged Dep Gerson Peres to display the petition bearing 161 signatures of PDS parliamentarians in favor of indirect elections publicly. Cordeiro said he wanted "to see the list. I want him to appear on a major television program and announce the names of those who signed." At the same time, there was a reaction to the charges made by the president of the chamber, Flavio Marcilio, to the effect that the Pro-Direct Elections Group is inspired by private interests. "He sullies the dignity of his function when he attacks members of the legislative branch who are defending a just, democratic and honest cause," Israel said, asking that the word honest be underlined.

Five of the 42 members of the Pro-Direct Elections Group were in Fortaleza Thursday to pay a visit to Gov Gonzaga Mota, Prefect Cesar Cals Neto, and various PDS state deputies and municipal council members. They returned enthusiastic about the reception given the idea of direct elections. According to Cordeiro and Israel, the talks with the party bases made it possible to assess the "artificiality" of the federal parliamentarians who oppose direct elections, and explain why the PDS governors, who are "men linked with the base levels and with public responsibilities" are "much more committed than might be thought to the campaign for direct elections."

Deps Saulo Queiroz and Jose Jorge and Sen Joao Calmon were with Cordeiro and Israel during the visit to Gonzaga Mota. They are beginning a schedule of

trips which will shortly take them to meetings with six other PDS governors who have already come out in favor of direct elections, beginning with Esperidiao Amim, of Santa Catarina, Roberto Magalhaes of Pernambuco and Jair Soares of Rio Grande do Sul. They will subsequently visit Wilson Braga of Paraiba, Joao Alves of Sergipe, and Divaldo Suruagy of Alagoas.

The organizers of the Pro-Direct Elections Group deny having had talks with the former governor of Bahia, Antonio Carlos Magalhaes, who is reported to have asked them to abandon the idea of direct elections. However, they confirmed another meeting with Chief of the Civilian Household of the Presidency Joao Leitaõ de Abreu.

#### A Phantom List

"We are a country of fantasy. Someone invents a list and says he has collected a hundred and I don't know how many signatures. He shows it to no one but everything proceeds as if it were real," Israel said. In his view the list collected in favor of indirect elections by Gerson Peres is a "phantom." Stating that he has seen the list in favor of indirect elections, he explained that "there is not one, but two, with signatures on blank sheets, various headings and items crossed out, entirely lacking credibility and with 100 signatures at most, counted generously and roughly, because I was not allowed to have more than a superficial glance."

The deputy commented further that "the last list expressing solidarity with President Figueiredo's coordination of the succession process only lacked two PDS signatures (Rubens Ardenghi and Haroldo Sanford). Thus everyone has acted in contrary fashion, working for his candidate alone." In his view, this discredited any list and "to an even greater extent this petition for indirect elections, which I guarantee you only had seven signatures of Minas Gerais PDS deputies." In conclusion, he gave their names: Homero Santos, Bonifacio Andrada, Vicente Guabirola, Raul Bernardo, Newton Veloso, Jose Carlos Fagundes and Cristovao Chieradia.

The Pro-Direct Elections Group released a statement yesterday bearing the names of 42 parliamentarians who promised to vote for a constitutional amendment proposing direct elections. There were nine deputies from Minas Gerais (Navarro Vieira, Antonio Dias, Israel Pinheiro Filho, Humberto Souto, Mauricio Campos, Jose Machado, Emilio Gallo, Gerardo Renault and Aecio Cunha), five from Parana (Alcenir Guerra, Antonio Mazurek, Luis Fayet, Norton Macedo and Reinhold Stephanis), two from Maranhao (Joao Alberto and Nagib Aickel), two from Ceara (Lucio Alcantara and Mauro Sampajo), two from Pernambuco (Jose Jorge and Inocencio de Oliveira), two from Alagoas (Alberico Cordeiro and Jose Thomaz Nono) two from Acre (Alercio Dias and Wilde Vianna), two from Paraiba (Tarcisio Buriti and Edme Tavares), two deputies and one senator from Espirito Santo (Stelio Dias, Teodorico Ferraco and Joao Calmon), one deputy and one senator from Rio Grande do Sul (Rubens Ardenghi and Carlos Chiarelli), one deputy and one senator from Bahia (Ruy Bacelar and Jutahy Magalhaes), one deputy from Mato Grosso do Sul (Saulo Queiroz), one from Sao Paulo (Herbert Levy), one from Piaui (Celso Barros), a senator from Sergipe (Passos Porto) and one from Rio Grande de Norte (Martins Filho).

## Group Broadens Support Base

Brasilia CORREIO BRAZILIENSE in Portuguese 11 Dec 83 p 7

[Article by political editor Emilio Braga]

[Text] An assessment of the PDS faction involved in the Pro-Direct Elections Group shows that even in an initial stage of its establishment, the movement has a parliamentary support base in 17 of the 25 federal units, having only failed to establish itself in one of the large states, Rio de Janeiro. Where the 13 PDS governors are concerned, three openly support direct elections and it is certain that they will participate in the movement, while three support the movement cautiously and six have not yet voiced their opinions.

The assessment of this picture made by the organizers of the Pro-Direct Elections Group, during the visit they paid to the governor of Ceara, Luis Gonzaga Mota, last Thursday, also included the study of the regional structure of the political forces making up the PDS and the position of the possible presidential candidates in the party. The conclusion was that the movement has an excellent growth potential. In almost all of the states, the local differences among PDS factions guarantee a favorable space for support of direct elections. The support of the parliamentary group identified with the possible presidential candidates who clearly favor indirect elections, such as Minister Mario Andreazza or Dep Paulo Maluf, further reveals a division in the base of support, or at a minimum, a cautious desire to be prepared for the alternative of direct elections.

On the basis of this assessment, with main emphasis on the structure of regional strength, the Pro-Direct Elections Group chose a better organized and more gradual development of the movement, seeking to avoid regional clashes as much as possible in order to add new forces one by one. Therefore, its organizers have postponed until later the plan to hold popular gatherings in the capitals of the states where the governors are openly supportive--Ceara, Pernambuco and Santa Catarina. Instead, it was decided to hold a meeting in Brasilia, at a distance from local issues, which will be attended by governors, senators and federal deputies, so that the movement will not seem to be led by the governors, which might work against the possible support of many PDS parliamentarians who are not in agreement with the state governments.

### States Without PDS Governors

The Pro-Direct Elections Group has won stronger support from the parliamentary base in the states where the PDS does not have governors. In these states, party disagreement with the opposition governments naturally propels the PDS into a more advanced political position, the balance falling to regional difficulties and the possible presidential candidates themselves. The inspiration of possible candidate Aureliano Chaves explains the support of the Pro-Direct Elections Group in Minas Gerais on the part of nine PDS deputies. That same inspiration and the dispute with former governor Paulo Pimentel were the reasons the five deputies affiliated with former governor Ney Braga committed themselves to the movement.



In Espirito Santo, the lack of effective leadership, which is not to be found even with former governor Eurico Rezende, nor the businessman Camilo Cola, or former governor Elcio Alvares, explains the support for a more advanced position, in favor of direct elections, by two deputies and a senator. The same is the case with two deputies in Acre. In Sao Paulo and Mato Grosso do Sul, with one supporter each, the reverse phenomenon has occurred, with the PDS being monopolized by former governor Paulo Maluf, where Sao Paulo is concerned, and by Gov Julio Campos, in Mato Grosso do Sul. There is more than enough room, however, for the Pro-Direct Elections Group to grow, with the overlapping of the succession picture which will force former governor Jose Maria Marin to make a choice in Sao Paulo.

In the states with governors in opposition to the PDS--Rio de Janeiro, Goias, Para and Amazonas, distributed between Maluf and Andreazza, no parliamentarian has yet provided support to the Pro-Direct Elections Group.

#### States With PDS Governors

The greatest potential of the movement for growth is found however in the states with PDS governors. And it is precisely in these states that the Pro-Direct Elections Group has minor support today. The efforts of the governors toward direct elections has not yet reached the mobilization phase but, the organizers of the movement believe, this will happen with the development of the succession process. The PDS governors committed to direct elections, feeling the concern of the electoral base levels and having greater advantages in this type of process, which would leave the party candidate quite dependent on the use of the government machinery, are awaiting only a breakdown in the resistance of the local bosses to campaign wholeheartedly for direct elections.

The opportunity to assert personal leadership explains the support of direct elections on the part of Luis Gonzaga Motta of Ceara, Esperidiao Amin of Santa Catarina, and Joao Alves of Sergipe. Defense of direct elections aids them to impose their will on the local oligarchies. In the view of Robert Magalhaes of Pernambuco, direct elections are a part of the liberal tradition of the family expressed by Agamenon Magalhaes. Sen Marco Maciel, a possible presidential candidate, also supports the group. Jair Soares of Rio Grande do Sul sees in direct elections a progressive thesis which will place him in a favorable position against rival leaders such as Deputies Nelson Marchezan and Pratini de Moraes, with strength on the federal level. Wilson Braga in Paraiba and Divaldo Suruagy in Alagoas see in this concept a way of getting around the weakening of the leadership in the governments of their states.

In the five remaining states, the governors as yet, generally speaking, are either hostile or uncommitted as to direct elections. In the assessment of the Pro-Direct Elections Group, the situation may change in a highly favorable fashion in Bahia, where Gov Joao Durval and former governor Antonio Carlos Magalhaes may change their attitude of hostility toward direct elections at any time.

In the examination of the positions of the possible presidential candidates, support of the movement was noted on the part of parliamentarians such as the

pro-Andreazza Edme Tavares and Nagib Aickel, a Maluf supporter, among other endorsers of these two presidential candidates who currently openly favor indirect elections.

The following are Pro-Direct Elections Group supporters in states with opposition governors:

Minas Gerais--Navarro Vieira, Antonio Dias, Israel Pinheiro Filho, Mauricio Campos, Humberto Souto, Jose Machado, Emilio Gallo, Gerardo Renault, and Aecio Cunha; Parana--Alcenir Guerra, Antonio Mazurek, Norton Macedo, Reinhold Stephanes and Luis Fayet; Espirito Santo--Theodorico Ferraco, Stelio Dias and Joao Calmon (senator); Acre--Alercio Dias and Wilde Viana; Sao Paulo--Herbert Levy; Mato Grosso do Sul--Saulo Queiroz.

The following are Pro-Direct Elections Group supporters in states where the PDS has governors favoring direct elections:

Ceara--Lucio Alcantara and Mauro Sampaio; Pernambuco--Inocencio Oliveira and Jose Jorge; Paraiba--Tarcisio Burity and Edme Tavares; Sergipe--Passos Porto (senator); Alagoas--Alberico Cordeiro, Jose Thomaz Nono and Luis Cavalcante (senator); Rio Grande de Sul--Rubens Ardenghi and Carlos Chiarelli (senator).

Pro-Direct Elections Group supporters in states where the PDS has governors favoring indirect elections:

Rondonia--Alcides Lima and Francisco Erse; Maranhao--Joao Alberto and Nagib Aickel; Piaui--Celso Barros; Rio Grande do Norte--Martins Filho (senator); and Bahia--Ruy Bacelar and Jutahy Magalhaes (senator).

#### Group Position Assessed

Brasilia CORREIO BRAZILIENSE in Portuguese 12 Dec 83 p 3

[Text] Brasilia will be crowded during the month of January as a result of the meeting scheduled for advocates within the PDS of direct elections--the governors, senators, federal and state deputies and even city councilmen, according to the organizational plans being carried out by the Pro-Direct Elections Group of that same party, headed by Deps Alberico Cordeiro of Alagoas, Tarcisio Burity of Paraiba, and Israel Pinheiro of Minas Gerais, and Sen Joao Calmon.

The meeting will enable the governors elected by the PDS in the direct elections on 15 November 1982 and the parliamentarians on the various levels to draft a strategy of struggle for the reestablishment of direct elections. Although aware that the system does not view a popular campaign now sympathetically, the Pro-Direct Elections Group believes that the increasing acuteness of the economic and financial crisis may make this imperative.

In Brasilia and Recife, Deps Jose Jorge and Alberico Cordeiro, members of the Pro-Direct Elections Group, announced yesterday that a meeting between representatives of the group and Gov Roberto Magalhaes has been scheduled at the

Palacio dos Campos das Princesas for next Wednesday, when they will try to win the governor's support for their campaign. Deps Israel Pinheiro Filho of Minas Gerais, Paulo Queiroz of Mato Grosso and Humberto Souto of Minas Gerais will also attend.

After meeting with Roberto Magalhaes, the group intends to meet with the chief of the military household of the presidency, Brig Gen Rubem Ludwig, in a meeting along the same lines as that the group had with the chief of the civilian household of the presidency, Prof Leitao de Abreu.

The governor of Pernambuco will be the second governor to be contacted by the group of PDS deputies. The first was Governor of Ceara Gonzaga Mota, with whom they met last Wednesday. According to the deputy from Pernambuco, he said he was committed to the movement even before he was elected governor in his state.

#### Support Sought

According to Alberico Cordeiro, these are the first in a series of contacts with PDS governors planned by the parliamentarians in the Pro-Direct Elections Group for the coming months, in an effort to gain increased support for the movement. He said he was confident that "there is no other solution to the general crisis in the country except through direct elections," and he confirmed the fact that the PDS parliamentarians involved in the movement will, traveling in various groups, cover all of the states governed by the PDS in the coming months, "even those in which the governors are on the other side." In the view of Cordeiro, the visible split in the PDS concerning the candidates already proposed for the presidential elections will widen during the recess, when the electoral bases supporting the senators and deputies will require of them clear definitions and attitudes favorable to direct elections.

The representative from Alagoas said that "everything is creating complications for indirect elections. The groups defending their respective candidates for the post of president are beginning to show subtle hostilities, with implacable campaigns of unworthy commentary and reports. When this phase has ended, these groups will be hopelessly isolated, and any candidate for the Electoral College emerging from the convention will be in danger of not having the support of the entire party."

He said further that the PDS has a majority of only 32 votes in the Electoral College, and that no delegate is required to appear and to vote for an individual previously nominated by the convention. And he asked: "Will the entire group supporting Dep Paulo Maluf vote for Minister Andreazza if he is nominated by the convention? And will the Aureliano supporters vote for Paulo Maluf?" He further stressed that the desire of the Brazilian people to vote is so great that no president chosen by an indirect vote could rely on the sympathy, support and solidarity of the nation as a whole in dealing with the crisis and the challenges and guiding them toward the solutions required.

Concerning the claim by some of the defenders of indirect elections that elections are costly and the country is not in a financial position to deal with this expenditure now, Alberico Cordeiro made a point of noting that "no price or tax cost can be placed on democracy, freedom and the will of the people."

Concerning the statement by Dep Flavio Marcilio to the effect that there are many private interests in the Pro-Direct Elections Group, Cordeiro said that he "regrets the error of the president of the chamber, my fellow member, my friend and my leader, but none of our group is juggling personal interests in the struggle to enable the people to choose those who govern them. If we have would-be candidates for the governments in their respective states or the senate among us, this is a legitimate and honorable aspiration for anyone participating in the political process."

In January, the Pro-Direct Elections Group will hold a meeting in Brasilia with all of the governors, senators and federal deputies who urge direct elections for the next president of the republic, for the purpose of assessing the work already done and drafting a work and action program for the coming months. The date already suggested for this meeting, which is to be held in the national congress itself or at the headquarters of the PDS in the Sofia Building, is 11 January, but this remains to be confirmed after the governors have responded.

Concerning the list of those opposed to direct elections in the hands of Dep Gerson Peres of Para, Dep Alberico Cordeiro said that he will remain an unbeliever until the parliamentarian from Para announces the names of the signatories. He challenged Dep Gerson Peres to publish the document and the signatures as soon as possible, so that "we can know who our opponents within the party are, not as enemies but as adversaries in opposite camps: direct vs. indirect elections."

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## NEW PMDB SECRETARY GENERAL ON DIRECT ELECTIONS, TALKS WITH PDS

Rio de Janeiro O GLOBO in Portuguese 12 Dec 83 p 3

[Interview with Sen Alfonso Afonso Camargo, secretary general of the PMDB [Brazilian Democratic Movement Party], in Brasilia; date not given]

[Text] In an interview granted to O GLOBO, Sen Alfonso Camargo, the new secretary general of the PMDB, defended the idea that once all of the possibilities for reestablishing direct elections have been exhausted, his party should negotiate with the PDS [Social Democratic Party] sectors identified with those candidates consistent with the national interests, with a view to the election of the successor to President Figueiredo. Camargo links the maintenance of his candidacy and his election to the post of secretary general of the PMDB, despite protest demonstrations concerning the secretariat general of the party and protest demonstrations by radical party sectors because he holds an indirect mandate, with other decisions included in the history of the party. And he cited participation in the Electoral College disputes in two elections for the presidency of the republic; the appointment of prefects for the capitals of states he has governed; and also the extension of the mandates of prefects and aldermen elected by the PMDB. In Camargo's view, there were pertinent circumstances which dictated these decisions by the PMDB, which he regards as a realistic and pragmatic, rather than ideological, party.

[Question] Senator, why, despite the protests of radical sectors in your party, are you persisting in your candidacy for the post of secretary general?

[Answer] I never urged this candidacy, and I doubt that any politician in my party can state that I asked for support for it. This was not a part of my personal plans. But just as I was not rejected as vice-leader, when I was invited to serve as such, and I was not rejected as vice-president of the Pedroso Horta Foundation, when I was invited to fill that post, they cannot deny me now either, at a time when I have been chosen by the Parana bench of the Unity Group.

[Question] You were chosen by the Parana bench for a post which was the responsibility of the Unity Group, and which initially was to be for Minas Gerais. They say that because a consensus could not be obtained there, Gov Tancredo Neves transferred the matter to the Parana bench with the requirement that you be chosen. Do you confirm that you were the choice of Gov Tancredo Neves?

[Answer] I do not.

[Question] Then is the report to the effect that Gov Tancredo Neves insisted on you a false one? Did he not play the slightest role in your candidacy?

[Answer] No. It was Gov Jose Richa of Parana who indicated a preference for me. For many years he has followed my work in the political parties. He was my party colleague in the PDC [Christian Democratic Party] more than 20 years ago, and he believed it would be important for Parana for me to serve as secretary general, since Minas Gerais did not favor this solution.

[Question] It is said that some of the PMDB leaders regard your consultations with the TSE [Superior Electoral Court], which were in conflict with party guidelines, as even worse than your status as an indirectly elected senator. Why is it that you are the individual who has consulted the TSE most frequently?

[Answer] If there had not been repeated consultations with the TSE, the PP [Popular Party] would not have been effectively incorporated in the PMDB. In my view this was the most important fact in this more recent history of Brazilian politics. I am persuaded that if this incorporation had not occurred, we would today be well along in the process of the Mexicanization of Brazilian political life. I have no doubt at all and it is for this reason that I even involved myself basically in this merger. Had it not occurred, the PDS would have won the gubernatorial elections in practically all of the states of Brazil, with the exception of Goias, and we would have had today a very strong government party and entirely weakened opposition, lacking the capacity, which was acquired in the 1982 elections, to serve as an effective tool so that the people can propose changes for the country.

[Question] Do you find these almost hostile reactions to your candidacy natural, due to the fact that you were elected indirectly?

[Answer] I have democratic training and I have always sought to accept differences of ideas, but I understand these reactions in three respects. The first has to do with what we might call the parochial aspect, that pertaining to Parana and involving a reaction on the part of Dep Alencar Furtado, due to problems exclusively involving local differences. According to my information, it was he who lit the fuse. Then there was naturally an increase in that faction, with some PCB [Brazilian Communist Party] sympathizers, and some deputies of a popular inclination who, I believe, were concerned about the possibility that as secretary general, I would engage in sectarian and factional activities, which will not happen. And the third point, which was even made by Dep Aldo Arantes (PMDB, Goias), prior to the meeting of the national board, is that the limitations had to do not with me personally, but with the post I assumed as a bionic senator. I am pleased that it was not a personal reservation, but I see a great inconsistency, because my decision to agree to be a bionic senator is compatible with the pragmatic and realistic line which has characterized the history of the PMDB. The old MDB [Brazilian Democratic Movement] always fought the Electoral College, but within the reality of the college, it sponsored first the candidacy of Ulysses Guimaraes

and then that of Gen Euler Rentes Monteiro. The PMDB has always fought the extension of the mandate of the prefects, but within the reality of the extension, the PMDB prefects never abandoned their posts, but continued to carry out their duties. The PMDB has always opposed the indirect election of capital prefects, but the governors it elected nominated prefects for the assemblies. My position has been exactly the same. I have never defended indirect senatorial elections, but given this reality, why should this post be left to a political opponent? And so then, I accept it. I do not see any justification in this criticism made of the fact that I agreed to serve as a bionic senator.

[Question] Do you regard the PMDB as a conservative or a vanguard party?

[Answer] I believe that the party finds its middle course today in a more nonideological center leftist line. Pragmatic. I believe that we are a party with some rather strong points of unity, such as direct elections and a constituent national assembly, on the institutional level, and on the economic level, a change in the model, a model more nearly oriented toward the domestic market, and a model independent of foreign influences and mainly on the social plane. I believe that we have a major point of identification, which is a concern with the social problems of the country. What we are, then, is a group of individuals concerned with the problem of the Brazilian people, seeking to face up to this reality in order to resolve the problem.

[Question] Normally, senators indirectly elected call themselves indirect senators. Why do you prefer to be called a bionic senator?

[Answer] I prefer it because the image of the bionic senator in Brazil is very positive. The bionic man is an individual who moves more rapidly, who listens better, and has greater understanding. I believe that it is precisely this kind of person that Brazil needs.

[Question] You defend direct elections but, since this is not possible, you favor participation in the Electoral College. In your view, should the PMDB propose a candidate for it?

[Answer] I am in the midst of a campaign. In Parana, we are already planning the program for the interior of the state, focusing on direct elections. On 12 January, President Ulysses Guimaraes will appear at a gathering in Curitiba, and in connection with this problem I have only one concern. It is the certainty that with popular gatherings alone we will not succeed in resolving the problem. I believe that they are necessary, but they are not enough. They are like a background, a mark of the desire of this large majority of the Brazilian people to choose the president of the republic by direct elections. I am going to talk with President Ulysses Guimaraes about this. But it seems to me that we need to undertake work simultaneously with PSD parliamentarians, to persuade them of the advantages of direct elections, and also to ask that Brazilian society mobilize itself to exert pressure on the PDS parliamentarians. Because it is my fear that there is, between the popular gatherings and the PDS parliamentarians who must vote for direct elections, a great vacuum, and that this in the end will prevent the vote from being viable.

[Question] Are you in favor of this understanding with the government?

[Answer] I have always said and I now reiterate the following. I am afraid that this upward climb before matters are fully mature will work to the disadvantage of President Ulysses Guimaraes and the president of the republic.

[Question] The argument of the government against direct elections is that there is no time to change the legislation and arrange elections for this year. Do you accept this argument?

[Answer] No. This argument is not well-founded. We already know that, among other things because of our request, the vote on the election amendment is to be held in the first half of April. This is for all practical purposes a request we have made to leader Aloisio Chaves, who regarded it as reasonable that we should have a month yet in order to complete the final stage of discussion of direct elections. If the amendment is approved in the first half of April, it will in no way be impossible to hold the elections, even on 15 November. If the direct election amendment is rejected, there will again be great discussion within the party, between those who believe that we should let the electoral problem drop and allow Mr Paulo Maluf to be elected president of the republic, and the others, including myself, who believe that we should work with certain PDS sectors in the college to avoid an option of this type, which is not consistent with the interests of the Brazilian people.

[Question] And who would be the ideal PMDB candidate in an indirect election?

[Answer] The ideal PMDB candidate, working from the principle that we do not have the majority to elect him, would be the individual who could rally a part of the PDS to elect the president of the republic. I believe that we are no longer in the candidate and anticandidate phase, and it is of such importance for the PMDB to express itself in the college that we must think of a candidate to win, and not just of an anticandidate.

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## PLANALTO SAYS MALUF WOULD LOSE IN ELECTORAL COLLEGE; COMMENT

## Planalto Counting on College

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Jan 84 p 3

[Article by Carlos Chagas: "Planalto Believes Electoral College Will Stop Maluf"]

[Text] Brasilia--At Planalto Palace 2 days ago, Minister Leita0 de Abreu dropped his guard for a moment and, giving vent to his feelings, allowed a glimpse of what appears to be one of the keys to the explanation of the government's position in the complicated succession process. The chief of the civilian household was meeting with Jose Lins. Commenting on President Joao Figueiredo's decision to renounce his mandate to coordinate his succession, Lins was vehement:

"Doctor Leita0, you gentlemen have just given the presidency of the republic to Paulo Maluf. He has become almost unbeatable at the PDS [Social Democratic Party] convention. The renunciation was an egregious error."

Figueiredo's principal political advisor, irritated and tense, replied:

"He may win the convention, but he will not win in the electoral college." His colleague, startled, did not pursue the matter further. He did not need to, because the plan hatching in the executive office was clear. Leita0 de Abreu may have confirmed, perhaps without meaning to, a strategy envisioned some weeks earlier, when he declared that it was perfectly legal for members of one party to vote for a presidential candidate of another party in the electoral college. Joining this indication to a series of private discussions which the chief of the civilian household has been having with Governor Tancredo Neves and Deputy Thales Ramalho, one will find the prescription to be applied in the future, as an antidote or vaccine, against Paulo Maluf: if Maluf wins the PDS national convention in September, the government will encourage groups loyal to its leadership to vote for a candidate presented by the PMDB [Brazilian Democratic Movement Party] to the electoral college, if that candidate is reliable and expresses a kind of consensus or broad national agreement. Read here Tancredo Neves, although a lot of water must flow under the bridge if the governor of Minas Gerais is to be the preference of the opposition. Today the PMDB current is toward the campaign for direct elections, with party president Ulysses Guimaraes at the lead, as the natural candidate for the assignment.

But if it is not possible to revise the constitution, and apparently it will not be, there will still be options. Afonso Camargo, PMDB secretary general, allowed a peek under the corner of the carpet--by coincidence, also on Monday--when he declared that, if a return to direct elections is impossible, the PMDB will nominate a candidate capable of competing in the indirect elections.

Tancredo Neves will face roadblocks, beginning with a basic obstacle: if he runs for the PMDB nomination, which will not happen before September, he must by law resign his office provisionally and leave the Palacio de Liberdade, by 15 July at the latest, or 6 months before the electoral college convenes on 15 January 1985. He could arrive at that point, but only if he is assured of the support of his colleagues, first, and then the support of a reasonable contingent of anti-Malufists from the PDS. It would be difficult to revise the constitution to reduce the period for the necessary resignation, because Paulo Maluf's supporters will be on guard in the congress.

Another difficulty facing the Minas governor, if he wins the majority of his own party, will be the reaction of a victorious Paulo Maluf in the PDS convention. The Sao Paulo legislator has said that for every PDS member who "goes over there," two PMDB members "will come over to our side." He adds that, once his official party nomination is a fait accompli, many members of the internal opposition will think twice before banding together behind an opposition candidate. It will be easier to make things comfortable, or make themselves comfortable, within the PDS, and support the former governor of Sao Paulo, who will spare no effort to cement party unity later.

It would be well not to leave the recent statements by Mario Andreazza out of the equation. Andreazza, who is Maluf's competition in the PDS, will run for the nomination and is even optimistic, stressing that he has a majority of the convention delegates. If he is defeated, however, he will not hesitate to concede victory to his opponent and to urge his followers to support the winner. This might even be a kind of exchange worked out with the palace circles that were surprised by the Figueiredo decision on 30 December.

Meanwhile, the interior minister is concerning himself with solidifying his support and even broadening it, since, in the most recent surveys, a reasonable number of PDS convention delegates had said they would support whomever

Figueiredo indicated. Unless things go otherwise or he changes his mind again, Figueiredo does not intend to indicate anyone, so there will be a competition, vote by vote, for the now close to 200 orphans of his excellency. Paulo Maluf will waste no time, and has even called Calim Eid back from the United States directly to Brasilia.

Returning to the outbreak of Leita0 de Abreu, who intends to continue to sew up a consensus and leave Maluf stranded on the beach, by gaining general support for a possible PMDB candidate, it is well to remember the soccer anecdote--a sport which the chief of the civilian household enjoys so much. In 1958, Brazil's select team was going to play against the Soviet Union in Sweden. Vicente Feola gathered the soccer stars together and gave them a thousand tactical pointers. He said he wanted the attack to work, and concentrated on Garrincha, telling him how he should dribble around the backs and get to the end line to center the ball. At a certain point, the late beloved "Joy of the

People" interrupted the expert and asked, all innocence: "And have you instructed the Russians to let this happen?" The story does not end here, if it is any satisfaction to Minister Leitao de Abreu. Even if the Russians were not so instructed, Garrincha dribbled like the devil, reached the end line twice, and Brazil won by two to nothing.

#### Key Ministry

None of the presidential hopefuls will be naive enough to draw up his cabinet in advance, because its constitution must remain open, but the air is thick with soundings, promises and siren songs. It is said, for example, that for the most important ministry (here read the Army Ministry), Aureliano Chaves would like to have Gen Leonidas Pires Goncalves, currently commander of the 3d Army. Paulo Maluf counterattacks: he may have sent someone to sound out Gen Euclides Figueiredo, the president's brother and commander of the ESG [War College]. If Andreazza is thinking of someone, he is not saying, nor are Helio Beltrao, Marco Maciel and others. But what if, by one of those twists of fate, the future president turns out to be Gen Walter Pires?

#### Atila Confirms Report

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jan 84 p 7

[Text] Carlos Atila, official spokesman of Planalto Palace, yesterday confirmed the report by journalist Carlos Chagas in yesterday's issue of ESTADO DE SAO PAULO, which quoted Leitao de Abreu, minister chief of the civil office of the Presidency of the Republic, as saying that Deputy Paulo Maluf "might win in the convention, but he will not win the electoral college."

"The minister made the comment in a private conversation with Senator Jose Lins, in the context of evaluating the situation and the position of the various candidates who have already launched a campaign. It does not represent a stand regarding any particular candidate, but a critical assessment, one of those made daily regarding the developing political picture. Actually, it is Minister Leitao's personal opinion that it will be difficult for Deputy Paulo Maluf to emerge victorious from the electoral college. It was only a diagnosis. It was not even a prognostication," Carlos Atila declared.

According to the palace spokesman, Minister Leitao feels that Maluf could win the nomination of the convention, as could any one of the candidates, but could lose the electoral college to a candidate launched by the opposition parties. "This was precisely the diagnosis offered in the conversation with Senator Jose Lima: if the candidate nominated in the convention is Senator [sic] Paulo Maluf, the PDS could lose the election."

Atila said that the logical conclusion of Minister Leitao de Abreu's reasoning is that, even if he wins the convention, Deputy Paulo Maluf does not have all the PDS behind him. He added, however, that the government is absolutely neutral regarding the candidates who have declared themselves to date.

"The president has said this repeatedly and still has the same position. The question of the choice and the name which the PDS will present to the electoral

college has been left to the party, in a process which begins now and which will end with the convention," concluded the spokesman, reiterating the government's position that the choice of President Figueiredo's successor will be by indirect election.

"Maluf is a PDS problem," Tancredo Neves, governor of Minas Gerais, said yesterday in Rio, commenting on Minister Leitao de Abreu's statement conceding that Paulo Maluf could win the PDS convention nomination but adding that he would be defeated in the electoral college.

Tancredo dodged questions regarding the possibility of his being launched by the opposition parties to defeat Maluf in the electoral college, with the aid of PDS members loyal to President Figueiredo; he noted that his commitment extends "only to direct elections."

The Minas Gerais governor also admitted that Paulo Maluf became "the strongest candidate in the PDS" after President Figueiredo renounced the coordination of the succession process, which had been delegated to him by the PDS.

Jose Sarney, president of the PDS, did not wish to comment on the statements attributed to Leitao de Abreu and confirmed by the Planalto Palace spokesman, but he reiterated that his party would give all the candidates the same democratic right to defend their ideas. He added that he does not believe there is any possibility that the federal government is prepared to support the candidacy of Tancredo Neves or any other non-PDS candidate.

Most unhappy about the report was Flavio Marcilio, president of the chamber and a well-known Maluf supporter, who did not manage to hide his irritation. "That is a personal position of Senator Jose Lins," he said succinctly.

Presidential hopeful Helio Beltrao thought it was too early for any prediction. According to Beltrao: "Anyone with any political experience knows that, in a picture as confused as the current one, it is impossible to talk about the succession now. How can anyone know now that Maluf is unbeatable at the convention?" Beltrao asked.

"I have always felt that Tancredo Neves could be president of the republic, but now I am sure he will succeed President Figueiredo," was the euphoric reaction of Senator Alfredo Campos (PMDB-Minas Gerais), who feels Leitao de Abreu has made it clear that Planalto has a plan to prevent Maluf from becoming president.

Deputy Roberto Cardona (PDS-Rio Grande do Sul) declared that the party will be destroyed at the moment when the candidate it nominates at the convention is defeated in the electoral college. Cardona, the PDS leader in the Rio Grande Legislative Assembly, stressed that he did not believe in the possibility raised by Leitao de Abreu, arguing that "the convention's choice of a candidate who is assured of victory [in the electoral college] should be respected and taken seriously."

"A ruse of the regime." This was the categorization by Deputy Lelio Souza (Rio Grande do Sul), vice leader of the PMDB in the chamber, for whom the statements made in confidence by the chief of the civilian household to Jose Lins

should constitute a warning to the PMDB. "Our party must not fall into this trap. It must not allow itself to be taken in by these palace signals indicating that the PDS candidate could quite possibly be defeated in the electoral college if [we put up] a candidate who has the support of the malcontents in the official party."

"The most suitable prescription for the PDS at this point is to close its ears to this divisive intrigue," bionic Senator Murilo Badaro, also a Maluf supporter, commented in Belo Horizonte. He criticized Leitaó de Abreu's statements encouraging a switch of votes in the electoral college.

6362

CSO: 3342/46

## FIGUEIREDO'S RESIGNATION AS SUCCESSION PROCESS COORDINATOR VIEWED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jan 84 p 4

[Article by Carlos Chaga: "Fear Prompts Figueiredo to Resign"]

[Text] Fear. Unfortunately, there is no other explanation for General Figueiredo's resignation as coordinator of the succession process. Lack of interest and boredom, as well as annoyance, to be sure, but fear, primarily, fear of failure. Fear of witnessing his future image tarnished by a personal setback in the only area wherein he has been having any success, the political one. Fear of going down in history as the lone president-general who did not create his successor, after having tried, because he failed to unite the PDS [Social Democratic Party] majority on behalf of a candidate capable of defeating the former governor of Sao Paulo.

That fundamental reason has been bothering the president for a long time, while he hesitated to publicly support a nomination opposing Paulo Maluf, whether it be that of Mario Andreazza, Aureliano Chaves, or even a surprise nominee not yet considered. Since his trip to Africa, he has made clear his inclination to return the coordinating position offered him by the party, commenting that he liked the question from a reporter about the "end of the coordination."

Other reasons or other fears hastened Figueiredo's decision at the year's end. One of them was having confronted on Monday Vice-President Aureliano Chaves, who announced in the press that he had requested a hearing that day for the purpose of clarifying matters and learning for certain the presidential instructions for the succession problem. It may be recalled that, a month ago, during his last dialog with Figueiredo, Aureliano attempted to procure that explanation, stressing that, if the president's candidate were Mario Andreazza, he should tell him at that time, with the necessary explanations. He might even back the interior minister, if he were convinced.

On that occasion, Figueiredo changed the subject, claiming that he had not reached a conclusion. Therefore, his replacement requested another meeting, announced by someone close to him. He would seek definitive clarification in order to assume a position, because time was elapsing.

But what would the president tell him? Another postponement might raise the temperature at Monday's meeting. Aureliano's style does not seem conducive to evasion. During recent years the two have experienced some times of great personal tension, one having been when the vice president received verbally Figueiredo's statement about being ready to call upon the military ministers and turn over the government to them, in the event that things did not turn out properly. It was an emotional statement; however, it did not have any further significance. Aureliano was angry. And he would be even angrier on Monday if he did not obtain a decision or a plan, even one contrary to his wishes.

Other fears and other reasons are included in the resignation equation. Minister Mario Andreazza would be (as he still could be personally) the one preferred by Figueiredo, but a series of obstacles has been growing, including: one, that despite his inclinations, the president has not succeeded in convincing General Walter Pires; another, that he would have to face the possibly public opposition of former President Ernesto Geisel.

So, according to the private impression given by PDS leaders, palace advisers and even potential presidential candidates, the course of action found by General Figueiredo was resignation from the coordinator's position. Now, he will no longer have to face the specter of defeat that has been declared and posed for Paulo Maluf; just as he will avoid confrontations with the minister of army, with his predecessor and with the vice president.

It may not have been by chance or mercifully that, on the day of the resignation speech, hours before it was aired, and because he had been notified a minimal time beforehand, Aureliano Chaves reneged, and told the reporters ~~stayed~~ in Belo Horizonte that he had requested the hearing on the 9th in order to congratulate the president on his anniversary; because he would not be in Brasilia on the 15th to embrace him. The drizzle could not hide the sun.

Those who assume that there is in the escapism of Figueiredo's resignation some new, noble democratic inspiration, for example, that times of political openness require different positions and the complete turnover of the succession problem to the politicians, are deceiving themselves. PDS is again receiving the mandate given its honorary president owing to the impossibility of its fulfillment; or rather, owing to the fundamental and attendant consequences resulting from it.

When the presidential spokesman, Carlos Atila, declared that the return of the coordination to PDS closed a cycle wherein the president-generals created their successors he was right. Evoirs! and rewards for bringing news, as well, for one who has erred so much in the mission of informing. The problem is that Figueiredo's inability to repeat his predecessors is not due to altruistic inspiration, but basically to the fear of being defeated again. A little over a year ago, the president lost control of the political process. He collected consecutive failures of decree-laws, just as he did not control the previous elections of Nilo Coelho, and later Moacyr Dalla, to the presidency of the Senate, or of Flavio Marcilio to the presidency of the Chamber. Planalto did

not submit candidates in those instances, simply because it had already been beaten in advance.

The same thing may happen with the presidential succession: the washing of hands and running the risk of being succeeded by Paulo Maluf. Does Figueiredo imagine that, in the future, he can avoid evidence and inferences regarding his defeat; will the alienation at least minimize the defeat?

From now on, all rationales are valid, because none of them are sound. Anything can happen, with the gamut of speculation opening up almost infinitely. Free from the coordination, that is, from the role of an arbiter, the president may be able to become a gambler, or a great elector, mobilizing forces to defeat Maluf, either with Andreazza, with Aureliano or with another candidate. With Maluf selected at the convention, Figueiredo might also pursue an alternate course of action, such as that suggested by Minister Leitaó de Abreu, ordering his loyal PDS contingents to engage in party infidelity and vote for a candidate of the opposition in the electoral college, if his name is Tancredo Neves.

2909

CSO: 3342/47



## GUERREIRO DISCUSSES FIGUEIREDO-ALFONSIN MEETING IN MARCH

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Dec 83 p 5

[Text] Brasilia--The first meeting between Presidents Joao Figueiredo and Raul Alfonsin is scheduled for the beginning of March next year. It will be a calm meeting, because there will be no argument with a view to resolution of the relations between the two countries. The discussion of a possible nuclear race in South America is not on the agenda either. Despite the speculations about the failure of President Figueiredo to attend Alfonsin's installation, there are no disagreements between Argentina and Brazil. The fact that Chief of the Civilian Household of the Presidency Leita de Abreu, who is regarded as one of the coordinators of the Brazilian political process, was sent to represent Brazil sufficed to demonstrate the Brazilian government's regard for the new Argentine government, since, in accordance with the traditions of Brazil's foreign policy, the president does not attend this kind of ceremony, and only on rare occasions does he send his foreign minister to represent him.

This information was obtained yesterday during an informal talk preceding the end-of-the-year lunch to which Minister of Foreign Affairs Saraiva Guerreiro invited the journalists accredited to the Itamaraty Palace. One of the subjects discussed was the memorandum issued the preceding evening by the press advisor at the Planalto Palace, in which President Figueiredo refuted the criticism by a newspaper in Brasilia to the effect that an optimal opportunity for assertion as one of the great defenders of democracy on the continent was lost with the failure to attend Alfonsin's installation.

During this same conversation it was noted that, apart from the tradition that the president does not attend this type of ceremony, there was a scheduling problem. It was also mentioned that, if Figueiredo had gone to Alfonsin's installation, he would have been under obligation to attend the installation of the new president of Venezuela as well.

This situation was explained in advance to the new Argentine government prior to inauguration day, both in talks held in Buenos Aires and in meetings at the Itamaraty Palace with Minister of Foreign Affairs Saraiva Guerreiro himself. It was he, incidentally, who advised President Figueiredo as to the method of Brazilian representation at Alfonsin's installation. It was made clear in these talks that the tradition has only been broken once, when Azeredo da Silveira, then foreign minister, attended Peron's inauguration. However, he did so in his capacity as former Brazilian ambassador to

Argentina, and he took the opportunity to make his formal farewells, which he had not previously done.

Although the Argentines enjoy today "a much more democratic status than Brazil, if a comparison is made with its situation a year ago," according to what was said yesterday, the cautious approach which President Figueiredo has sought to maintain with regard to other neighboring regimes will be continued with regard to his meeting with Alfonsin.

A possible nuclear race between Brazil and Argentina, which was at one time on the agenda of the meeting, brought laughter from the diplomats who spoke at the luncheon. They said that this was mere fantasy and "has already been suitably explained by all of those responsible for the Brazilian nuclear program."

According to the Itamaraty Palace, the Argentines asked only that the meeting be held after the end of the summer, which coincides with the beginning of March. By that time the site of the meeting will have been settled. But initially, in order to avoid major diplomatic disagreements, Figueiredo and Alfonsin are scheduled to have their first talk at a point on the border.

5157

CSO: 3342/40

## OCEANOGRAPHIC SHIP READY TO DEPART FOR ANTARCTIC

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Dec 83 p 14

[Text] Rio de Janeiro--The oceanic support ship Barao de Teffe is now ready to take the scientists who will participate in the next Brazilian expedition to Antarctica to that continent, its new commander, Capt Paulo Cesar Adriaio, revealed during his first interview yesterday.

The vessel was overhauled at the naval shipyards, with the installation of an emergency generator (during the last expedition, this system suffered a breakdown, interrupting the scientific mission), and the addition of two laboratories and a processing room.

Improvements have also been made on the deck used for helicopter operations on the Barao de Teffe. This work was necessary because it will carry two helicopters to the Antarctic, where they will be needed to transport the scientists.

The vessel will set sail for the Antarctic on 3 January, and its new commander has already spent more than 1,000 days at sea. He has never sailed to the Antarctic, unlike the scientific coordinator of the future expedition, Commander Fernando Araujo, but he is very familiar with the South Atlantic. Before assuming command, Abriaio was our naval attache in London.

The commander of the Barao de Teffe said further that the scientists will begin boarding the vessel for a period of apprenticeship next week. He will have a better-equipped vessel than did his predecessor, Capt Fernando Guerra.

The new commander stressed the fact that the vessel now has two special laboratories for the scientists' research, and also a processing room, which "will provide better working conditions for the Brazilian researchers."

Adriaio confirmed that a team of Brazilian scientists will pursue work at the Polonia base in the Antarctic, on the basis of the natural cooperation in effect on that continent. This expedition will be the first to be made since Brazil was accepted as a regular member of the Antarctic Treaty Consultative Council, with the right to vote.

When it leaves the port of Rio on 3 January, the Barao de Teffe will be carrying the modules for the first Brazilian station in Antarctica. Initially, this station will only be usable during the summer. But beginning in 1985, according to Adm Maximiano da Fonseca, the minister of navy, it will be equipped for use throughout the year.

## REPORT TO SNI DENOUNCES SUBVERSIVE ACTIVITIES OF CHURCH ELEMENTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Dec 83 p 13

[Text] Brasilia--A detailed report concerning the activities of the progressive church in Sao Paulo, which was drafted by former prefect Reynaldo de Barros and presented to the local branch of the National Service for Intelligence (SNI) and to the commander of the Second Army, Gen Sergio de Ary Pires, was carried in yesterday's issue of the newspaper CORREIO BRAZILIENSE, which has traditionally published the secret documents of the security organs.

According to this document, "70 percent of the city of Sao Paulo is under the nefarious influence of the progressive church, which is establishing base church commission headquarters and preaching change and, what is worse, revanchism." The document further says that other sectors of society, "the public health sector, some of the university faculties and 60 percent of the municipal social workers, who carry out only the orders coming from the various priests through Cardinal Arns," are also involved.

The authors of the document also state that the differences between the moderate and progressive religious factions are easily seen in the behavior of the population in the various parts of the city, with Greater Sao Paulo being divided into nine episcopal regions. It then goes on to describe the activities of the church in each of these regions.

In connection with the Se area, the report says that there "conditions do not exist for mobilizing the local residents, but this is a gathering point for residents brought in from other neighborhoods." And it notes that "Cardinal Arns is the leader of the protest movements in Sao Paulo, along with Frei Betto, who brought Ortega, the leader of the Nicaraguan revolution, to Sao Paulo in 1980."

In Sao Miguel, the document says, "Dom Angelico Sandalo Bernardino is the most active bishop where protest demonstrations, i.e., popular agitation, is concerned. He also dominates the newspaper O SAO PAULO, the organ of the metropolitan curia. Dom Angelico is without a doubt the most dangerous bishop in Sao Paulo. He openly preaches subversion of the public order and the invasion of public and private premises. He has under his orders 55 priests, almost all of them active and harmful to the population. Special mention could be made of Francisco Moser, a stubborn agitator, and Father Silvano. The former, affiliated with the central chapel of the Sao Paulo Itaim, and the latter with the Mabel Church, are open leaders of all protest

movements in that area, and they are aided by the physician Valter Feldmann, who was assigned to the Tide Setubal Hospital in Sao Miguel, and who has been recently transferred to Ipiranga."

"Another dangerous priest in the area dominated by Dom Angelico," the report goes on to say, "is Valieriano, of the parish with headquarters at 1342 Antonio Previato Street in Sao Mateus, where they sing and distribute Sandinist songs, exhibit Cuban revolutionary films and hold regular meetings at 3 pm on Saturdays. Other notorious leaders in the area are Father Patricio, Father Hugo, the seminarian Jose Luiz, Father Chico, etc."

Farther on, the document refers to the Lapa area, "which also covers the O parish. The bishop of the area is Dom Alfredo Novak, who has already been known to have provoked protest demonstrations and agitation in his region. Dom Alfredo Novak was the admitted organizer (FOLHA DE SAO PAULO, 28 September 1980) of the demonstration in the so-called O parish case. He does not yet have absolute control over the priests in the area, who are moreover constantly changing, but he is very active in the region, having Alderman Benedito Cintra and Dep Sergio dos Santos as his allies. Moreover, politicians who do not conform are made to do so."

As to the Santo Amaro area, the report says that this is "an episcopal sector in constant effervescence, which has produced Dom Mauro Morelli (a great agitator), and has come under the control of Father Jose Pecoraro, an individual even worse than his predecessor, who has now been replaced by Father Maurilio Maritano." And it notes the activities of Deps Aurelio Peres, Irma Passoni and Horacio Ortiz.

5157

CSO: 3342/41

## BRIEFS

FIBER OPTICS PRODUCTION--With research started at UNICAMP [Campinas State University] and with results submitted during the annual meeting of SBPC [Brazilian Society for the Advancement of Science], in 1981, Brazilian fiber optics will begin to be produced starting at the end of March, when the ABC XTAL industry will be operating in Campinas. This firm won the national competition in the field, and will start its production by supplying material to TELEBRAS [Brazilian Telecommunications, Inc], to be used for telephony. Fiber optics, with the thickness of a strand of hair, is produced from crystal and, in some instances, is also produced from plastic; and it can be used in the field of telemetry, for electronic measurement and control equipment and in the health sector for medical use (endoscopy) and dental applications as well. The latter possibility for application is still in the market survey phase. According to Carlos Rodrigues Bilharinho, planning manager for ABX XTAL, the industry's work will start with market autonomy guaranteed by reserve, and for a period of 5 years. In the telephony sector, manufacturing 1,500 kilometers of fiber per year, the factory will be in a position to quadruple that production if the market expands. The investment for fiber optics manufacturing is \$1.5 million, with that application including all the equipment and machinery, a large percentage of which is imported, as well as the construction of the facilities. Bilharinho emphasizes: "The investment is large, but revolutionary, replacing the old copper cables in telephony, among many other applications. In addition to this, it will create employment opportunities in the Campinas region, although it requires highly specialized labor." In the telephony area, which accounted for the initial main demand, fiber optics will have applications at the start of the connections between major telephone exchanges, and in the near future, directly to subscribers, for audio, video and telex service. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jan 84 p 27] 2909

CSO: 3342/47

## MOSCOW REPORTS EFFORTS TO SAVE REGIME

PY010000 Moscow in Spanish to Chile 2100 GMT 29 Dec 83

[Report by Jose Miguel Varas]

[Text] As the year nears its end, unequivocal signs reveal that the political crisis of the fascist regime has worsened. While all economic indexes reveal a collapse, several indicators point to an increasingly stronger opposition and to the people's determination to once and for all put an end to the dictatorship that has caused so much damage to Chile.

General Matthei has spoken in favor of a timely resignation that would give way to younger leaders. He may have said this out of personal interest but, in the national context and in the face of Pinochet's irrational stubbornness to cling to power, power that he usurped, General Matthei's words convey a message that was carefully listened to both inside and outside the Armed Forces.

During the last few days, outstanding civilian spokesmen for the regime have spoken in distress, proposing different formulas to overcome a crisis that they regard as extremely serious.

Francisco (Bulnes Sanfuentes), former National Party high-ranking leader, congressman, and Chilean ambassador to Lima during the first stage of the dictatorship, says: I am not particularly fond of predicting catastrophic situations, but I am very concerned over my country's internal situation. He notes that the only solution would be the restoration of the dialogue between the government and the Democratic Alliance [AD], but without the participation of Onofre Jarpa, because he does not have the necessary political flexibility. (Bulnes) also notes that the government should not apply Article 24 of the Constitution, which enables Pinochet to repress as he pleases. (Bulnes) also wants deadlines expiring on earlier dates, something Pinochet has thus far rejected as if it were a curse, the beginning of a true transition period, the opening of the doors to many exiles, though not to all of them, and the convening of congress in 1985.

For his part, (Federico Willovich), a hardliner and former member of the Fatherland and Freedom Movement, a fascist group, agrees that an agreement must be reached with the opposition to prevent a tragic confrontation.

He says that if no agreement is reached, we shall end up shooting each other. Like (Bulnes), he also advocates the return of exiles except for those who instigate violence. (Willovich), who thinks that there is nothing impossible in politics, proposes an agreement between the government and the AD, maintaining Pinochet in power and once and for all wiping out the free economy model implemented by the Chicago boys.

A third representative or spokesman for the current regime, (Arturo Fontain), former director of the newspaper EL MERCURIO, who is also regarded as a spokesman for the U.S. Embassy in Santiago, believes that the political alternative that Pinochet has adopted is impracticable. (Fontain) regards this alternative as a merely apparent political opening without any essential change. (Fontain) maintains that the alternative is impracticable because it awakens democratic expectations which are not met. He believes that a broad political opening and a transition to democracy are needed in combination with a policy designed to revive the economy; all of this though, (Fontain) remarks, coupled with strict compliance with two basic principles, namely, the defense of the private sector and the struggle against communism. He also believes that Pinochet must right now give up the possibility of being reelected in 1989, that it is the president and not a minister who must lead the transition process, and that a clear timetable must be established.

These proposals, all of them aimed at saving the regime, fail to take into account the real situation of our country. They have similarities, like the discrediting of Onofre Jarpa, the urges to remove him, and the attempts to neutralize at least one sector of the opposition with promises of deadlines, concessions regarding exiles, and some partial democratic guarantees. But there are also contradictory elements. None of these formulas has taken into account what is actually happening in Chile, like the dramatic actions of protest and the countless daily expressions of discontent of different labor sectors, owners of small and medium seized firms, and so forth.

Public opinion polls carried out this year have revealed a partial picture of the accelerated process of political deterioration of the regime, and of the growth of the opposition. This was also reflected by the elections held at universities, labor unions, and professional associations like the Journalists' Association. In these elections, the Marxists, which the above formulas want to exclude from all areas, won important positions.

The different formulas under consideration by the regime have a common trait of hopelessness and impotence. Their authors are after all aware that the time left is very short, that Pinochet has repeatedly rejected the same formulas in the past, and that it will be difficult to convince him to accept them now.

According to well informed Chilean sources, the dictator will rather attempt to strengthen his own powers through a self-coup and a new bloodshed. Everything indicates that such an attempt will fail in view of the current circumstances. However, the mere fact that it is being considered reveals how deeply distressed the tyrant is.

CSO: 3348/194



## BUDGET FOR 1984 RISES 10.5 PERCENT TO \$1.385 BILLION PESOS

Santo Domingo LISTIN DIARIO in Spanish 8 Dec 83 p 4C

[Text] The 1984 budget increases capital investments from \$385 million [Dominican pesos] (in the present budget) to \$549 million, equal to a 10.3-percent increase, according to what the technical secretary of the presidency reported yesterday.

Engineer Ramon Alburquerque said that this is in line with the aim of the budget, which is to stimulate the economy, as the government has been doing from the beginning.

He pointed out that the budget's total increase of about 10 percent, to \$1.385 billion, does not mean a rise in current expenditures unless it is absolutely necessary.

He pointed out that the increase in current expenditures in the 1984 budget is barely a 100 million increase, which is considered very small if it is noted that for every project built (clinic, school, road, highway) the budget must be increased.

He explained that the \$1.385 billion peso budget for 1984 is about 10.3 percent more than the 1.248 billion budget which is this year's spending level.

He said that within that amount, the presidency of the republic has \$201 million, which is 88.8 million more than spent in 1983 which was \$112.6 million, due to the \$60 million allocation by an act of congress which provided the tax credit certificate for provincial housing.

Also, about \$12 million is appropriated for the unit responsible for the work in Nizao-Valdesia created by the government to start up work that had come to a standstill.

According to him, the current budget expenditure for the presidency of the republic has gone down but the investment expenditure has notably increased.

Alburquerque pointed out that in the Ministry of Interior and Police budget about \$48 million is allocated and will go to municipalities by transfers through law 140, which was promised and suggested by the president of the republic and which gives municipalities greater administrative autonomy.

In this budget, there is an increase of 33.9 million (that is in the Interior and Police itself) rising from 81.9 million to 115.8 million.

With regard to the Armed Forces, he pointed out that a very slight increase of 13 million is allocated.

The technical secretary of the presidency said that the Ministry of Foreign Affairs will also receive a slight increase sufficient to provide adequate foreign service.

In another important entry, Albuquerque reported that \$99 million is included in the Ministry of Finance budget (\$49 million of it for paying off the debt and about \$50 million for interest). And the total budget increases by \$54 million rising from \$175 million to \$211.7 million. [figures as published]

The Ministry of Education will receive an increase of \$13.7 million, rising from \$155 million to \$168.6 million. [figures as published]

The official reported that health is the portfolio that will receive the largest allocation of all, with a 26-percent increase, equal to \$29 million, rising from \$110 to \$139.6 million.

He said that salary and wage rates in Public Health remain more or less the same and that the increase corresponds mainly to investments in completing clinics, rural centers, etc., such as the San Pedro de Macoris Hospital.

On the other hand, he pointed out that sports gets an increase of \$5.9 million above this year's \$12 million; the Ministry of Labor \$300,000, Agriculture \$27.2 million to reach \$155 million and Public Works gets \$13.6 million more, above the current year's \$136.5 million.

Tourism gets an additional allocation of \$1.5 million so its budget reaches \$5.7 million, which is on the rise to promote the country as a tourist area, according to what he pointed out. And the Dominican Center for Export Development (CEDOPEX) will get \$700,000 more to reach \$1.8 million.

Albuquerque pointed out increases in the allocations to the Judicial Authority of \$1.4 million to reach \$11.3 million and to the National Congress of about 30 percent, requested by the bodies themselves, to reach \$8.6 million.

He also indicated that even though 1984 is not an election year, the Central Electoral Board will receive more than 1 million more, about 25 percent more, for administrative material and equipment improvement.

Likewise, an increase of \$188,000 is allocated to the Accounting Commission.

Albuquerque explained that the investment in the Madrigal Dam will be included when Congress ratifies the loan contract since according to organic law 531 of the budget, it cannot be done before meeting this requirement.

CSO: 3248/321

## FINANCE MINISTER DISCUSSES FOREIGN DEBT RENEGOTIATION

Guayaquil EL UNIVERSO in Spanish 20 Dec 83 p 1

[Text] Quito--Minister of Finance Pedro Pinto Rubianes and the manager of the Central Bank, Abelardo Pachano, have reported the results of negotiations on the public and private foreign debt, work on which began in New York and in connection with which certain conditions have been stipulated in view of the coming change in government.

Negotiations on the two debts may begin during the second half of July 1984, already with the direct participation of representatives of the new government that will take office on 10 August. In addition, a new stand-by agreement with the International Monetary Fund is being requested as a condition.

## Pinto's Statements

Minister Pinto Rubianes, at the close of the meeting with President Hurtado Larrea, reported on negotiations on the debts for 1984, inasmuch as the government had already made proposals during the 1983 negotiations to refinance debt payments due in 1984.

He added that the results of the economic delegation that visited the country were of value because a favorable evaluation was made of the National Government's effort to comply with conditions set by private banks and the International Monetary Fund.

## Deficit

Pinto said that that effort is reflected in the budget because the fiscal deficit has dropped from 7 percent of the gross national product at the beginning of the year to 3.8 percent by September and that the figure will probably go as low as 2 percent this month. There was also recognition of the effort made by the country with respect to its exchange policy, observed in the maintenance of levels of the rate of exchange on the free market. While the value of the dollar did go up this past week, it did return to a normal level and has stayed there.

## Refinancing

According to Pinto, the administrative committee announced that it had decided to refinance 100 percent of the debt with respect to payments due during the

first half of 1984. In previous negotiations, the minister recalled, 90 percent of the 1983 debt was successfully refinanced, so that talk has now turned to total negotiations on payments for the first six months of 1984.

#### Two Factors

The minister specified that there has been no guarantee of refinancing of payments due during the second half of 1984 for two reasons: Banks want a new agreement with the International Monetary Fund beginning in July and the second factor is the change in government in August.

He explained that banks and the Fund want contacts with those who are going to govern the republic starting 10 August. The government is willing to initiate contacts with those responsible for future economic leadership, which will have to begin immediately after the election results of Sunday, 29 January 1984, are known.

#### Postponement Until December

In addition, it has also been agreed that obligations due during the second half of 1984 will be put off until 31 December of this year so that the new government will have sufficient time to carry out negotiations and not be forced to make big outlays right at the beginning of the period.

#### Third Reimbursement

Abelardo Pachano, manager of the Central Bank, announced that yesterday, the third payment was made on the \$431 million loan signed with international banks and that it is part of the overall refinancing of the foreign debt for 1983. He specified that this third payment was the final one and that it amounts to approximately \$107 million, meaning that the whole sum has been refinanced.

He said that as soon as the bank has the resources, it will continue to make back payments for import refunds.

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CSO: 3348/173

## INDUSTRY, COMMERCE MINISTRY REPORTS FOREIGN TRADE DECREASE

Quito EL COMERCIO in Spanish 21 Dec 83 p A1

[Text] Not only did Ecuadoran foreign trade remain stagnant in 1983, but dropped compared with the previous year, it was officially announced. It was also revealed that exports declined by 1.1 percent, while imports dropped 40 percent, by over \$500 million.

The Ministry of Industry, Commerce and Integration said that by November of this year, exports totaled \$1,979,000,000, a figure similar to that for the same period of the previous year.

It emphasized the drop in certain basic products such as cacao and bananas, while emphasizing the increase in products such as oil and coffee. The decline in industrialized products was also stressed.

The information explains that of the \$1,979,000,000, exports of basic products: bananas, cacao, coffee and oil amount to \$1,800,801.

It must be pointed out, the source indicates, that the drop was particularly heavy for certain products such as bananas, with a 28-percent decline compared with the previous year. In the case of cacao, the drop was even greater, amounting to 86 percent. Wood and ocean products, basically canned and frozen fish, also declined.

According to the information, the drop is basically due to the climate problems which the country suffered during the first half of the year. However, while there was a 31-percent drop in wood, coffee exports rose by 8.7 percent. This is due to the fact that coffee is a high-altitude crop and had no problem with flooding.

Oil exports rose 19.4 percent. Due to this increase and the coffee figures, the column of basic product exports showed a 9.9-percent increase.

However, industrialized products dropped 32 percent due to restrictions on the expanded market of the Andean Pact in particular.

The source recalls that industrialized products were mainly marketed to countries belonging to the Cartagena Accord. The recession forced all members of the Accord to restrict imports, which caused the drop in our country's exports and those of all Andean Pact partners.

The Ministry of Industry states that total exports dropped by 1.1 percent over the previous year. However, during the second half of 1983, encouraging signs began to appear when problems suffered early in the year began to be overcome. In the case of bananas, there was a noteworthy improvement during the period.

The source states that note should be taken of the fact that the process of studies for modernization of the country's foreign trade structure is moving ahead satisfactorily and that in the next two months, the conclusions of the studies will be available. Proper measures may then be adopted making it possible to improve the administrative structure of the Ecuadoran foreign trade system.

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CSO: 3348/172

## CENTRAL BANK REPORTS POSITIVE TRADE BALANCE

Quito EL COMERCIO in Spanish 23 Dec 83 p A1

[Text] The drastic drop in imports, amounting to nearly \$500 million, compared with 1982, has resulted in a high trade balance surplus, which by November of this year totaled \$857 million, it was officially announced.

A Central Bank bulletin notes that between January and November, exports totaled \$1,979,000,000, a figure similar to that for the same period in 1982.

The official sources indicates that the restrictions on imports which the National Government put in effect have resulted in a noteworthy drop in their amount, which this year totaled \$1,122,000,000, while the figure in November of last year was \$1,611,000,000.

It adds that the reduction of nearly \$500 million has constituted one of the basic factors in the country's improved trade balance.

However, international monetary reserves on 30 November amounted to \$165 million, compared with \$296 million on 31 October. This is due to the fact that loans from the Monetary Fund and private foreign banks received the immediate attention of reimbursement payments delayed because of imports, thus solving one of the most serious problems faced by the different production sectors.

The information adds that reimbursements will continue in December and that the phenomenon will be reflected in monetary reserve balances.

It was also announced that the Central Bank continues to help the private sector in refinancing its foreign debt within the terms set by foreign banks.

The amount of stabilization credits, constituting the mechanisms which turns the private debt in dollars into sucres, totaled 11,337,000,000 sucres on 30 November. On 30 October, it was 5 billion, meaning that the amount has doubled.

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CSO: 3348/172

## SEVERE ECONOMIC DETERIORATION IN 1983 REPORTED

Quito EL COMERCIO in Spanish 27 Dec 83 p A1

[Article by Marcelo Eguez]

[Text] The drastic reduction in the country's economic activity in 1983 will result in a drop of 3.3 percent in the gross national product. It is estimated that the agricultural subsector declined by 29.1 percent, followed by the construction industry with 15.4 percent and manufacturing industries with 5.6 percent. With respect to net import and customs duties, the decline was 20 percent.

According to estimates made by the Central Bank, the sector including agriculture, hunting, forestry and fishing will decline by 14.9 percent this year. However, this drop will be accentuated with the production of the three basic export products (bananas, coffee and cacao), whose decline is an estimated 32.4 percent. For other agricultural products, the percentage drop will be 27.3.

The general decline in manufacturing industries, with the exception of oil refining, will total 5.6 percent. The most representative reductions are in sugar (down 25 percent), meat and processed fish (20 percent), food products (5 percent) and beverages (5 percent).

Various export problems and the effect of high production costs mean that the wood industry this year will decline by 13 percent. Metal products, machinery, equipment and other manufactured goods will decline 10 percent. A similar rate is predicted for the subsector including paper, printing and publishing houses.

Textiles, clothing and leather industries, chemicals, coal and plastics, non-metallic minerals and basic metal industries will show no growth for 1983.

It should be noted that the drop in exports of industrial products and articles this year amounts to 51 percent of the 1982 figure.

The country's economic activity this year shows a spectacular decline when one looks at 1982. Official figures demonstrate that while agriculture



declined by 2.3 percent in 1982, that drop has now gone to 29.1 percent! Within this subsector, export products such as bananas, coffee and cacao dropped .6 percent in 1982 and 32.4 percent in 1983. Other agricultural products have gone from a drop of 3.3 to 27.3 percent.

With respect to the manufacturing sector without oil refining, from a growth of 4.5 percent in 1982, the country has gone to a drop of 5.6 percent in 1983.

The construction industry declined .7 percent in 1982 and in 1983, 15.4 percent.

The Central Bank's predictions for 1984 are optimistic, estimating a growth in the GNP of .5 percent. Agriculture would grow 8.6 percent, while the manufacturing industry would decline by 8 percent and construction 5 percent. Likewise, official figures show that the drop in import duties and tariffs will drop to 5 percent, compared with an estimated 20 percent for this year.

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CSO: 3348/173

## ADMINISTRATION PREPARES DOCUMENT FOR ECONOMIC MEETING

Quito EL COMERCIO in Spanish 20 Dec 83 p A13

[Text] The government of President Osvaldo Hurtado has drafted a document to be used as a guide for consideration of the agenda of the Latin American Economic Conference to be held in Quito in January. The document, which comprises the legal framework of the meeting, presents the basic elements of what the specific decisions of the conference might be, which elements must be analyzed by Latin American and Caribbean governments in order to further refine them and place them in line with the perspective that, while they are responses to grave short-term problems, a process must be initiated of adopting political decisions which, in successive instances, will cover problems affecting the economic and social development of Latin America and the Caribbean.

## Introduction

The crisis, whose structural nature is well-known, is seen against the background of the economies of our countries with so much force and gravity that it is necessary to embark immediately upon a set of actions constituting concrete short-term responses to the most serious economic problems of our economic and social situation. Those actions will form a coordinated whole, given the interdependency that exists between the various issues. Isolated actions would only lack in validity and fail to serve as a response to the region in crisis.

The spreading of the economic crisis in our economies has been expressed, among other aspects, in contraction of the foreign sector, with serious repercussions on production and the supply of consumable expenditures and essential goods. When one adds the disproportionate weight of the foreign debt and its high cost, a picture emerges of a critical shortage of assets available to make short-, medium- and long-term payments.

It is obvious that the countries in the region do not have the capacity to face the crisis individually. In contrast, the region does have adequate potential to provide for and meet its basic needs, reduce foreign dependency, decrease its vulnerability and promote sustained and increasing growth. Consequently, only through joint actions which all countries in Latin America and the Caribbean undertake in areas having priority will it be possible to solve current difficulties. Such actions must respond immediately to the most critical situations and, at the same time, fit into a medium- and long-term perspective for the purpose of meeting the crisis and also its structural causes.

While it is true that the problems the region has are substantially economic in nature, the Quito conference is of an essentially political nature. The economic crisis is so acute that it is placing an external test on the tolerance of societies and endangering the very political stability of some countries.

Up to now, isolated actions have been undertaken to meet the circumstantial effects of the crisis that continues to afflict the region, without any overall vision, one that would at the same time be imaginative and bold, but also realistic.

The formulation of a Latin American plan of action must not lose sight of the fact that it is necessary to attack the basic repercussions of the international crisis and, at the same time, promote the recovery of the speed of development of preceding decades through growth in the product, within the context of a fair distribution of benefits and an active participation of the entire population.

The current situation forces us to concentrate our attention on the most depressing effects of the crisis, particularly the tangible drop registered in the past 2 years by trade and the urgent need to speed up action in the field of basic food products, in which the region has great possibilities of complementary action.

The grave problems of commerce are in turn elements that generate the most critical profile of the international crisis, reflected in international financial and monetary problems. It is impossible to have adequate international liquidity to meet the requirements of sustained economic and social development and, in the final analysis, such a situation is causing many nations to record negative economic growth rates.

The region is facing a veritable economic and social disaster characterized by unprecedented levels of unemployment, chronic hunger in certain regions, growing poverty and deprivation in the cities.

The supply of food, energy and services is a sphere in which there are great possibilities of complementary action, while responding to the two factors that probably make up the very essence of the problems of this century and certainly the ones of the next: energy and food. The answer is to move toward a system of a reliable food supply and adequate energy.

There can be no doubt that it is indispensable to have concerted action within the framework of the Latin American Economic System with the aid of ECLA and the systematic participation of existing Latin American organizations. While it is true that progress has been made through the action performed by those organizations, there is an obvious need for encouragement and a political vision moving toward urgent political solutions that reverse trends, further understanding in the region and vitalize regional solidarity.

All measures adopted at the conference will point up the need to apply differential treatment depending on the degree of relative development of the countries concerned, not only in search of reciprocity, but because of the

conviction that joint action and the solidification of regional cooperation and integration cannot sanction inequitable structures that Latin America is trying to modify on the international plane.

It is within this general framework that the basic elements of what the concrete decisions of the Latin American Economic Conference might be, which must be analyzed by Latin American and Caribbean governments in order to further refine them and place them in the perspective that, while they are responses to grave short-term problems, a process must be initiated of adopting political decisions which, in successive instances, will cover problems affecting the economic and social development of Latin America and the Caribbean.

With respect to the topics included on the agenda of the conference, the following might be considered:

## I. Trade

### A. A commitment not to increase barriers to intra-Latin American trade.

A decision will be adopted not to introduce new duties and restrictions on imports from Latin America and the Caribbean.

Governments will consult together on emergency situations that might render compliance with this point difficult, without this signifying any modification in obligations contracted by nations in multilateral or bilateral accords relating to commerce and consequently, without any limitations on those nations adopting measures such as a joint tariff within the framework of subregional integration agreements or the application of safeguard clauses expressly stipulated in international agreements.

### B. Increase in the trade of goods and services between Latin American countries.

#### 1. Regional tariff preference for Latin America

Countries in the region should give preference to mutual imports through the establishment of tariff preferences applying to the total level of duties governing third countries.

That preference will consist in an initial reduction of a percentage (15 to 20) of the most favorable duties agreed upon by countries in the region with third nations.

Preference will be drawn up according to the terms of the 1980 Montevideo Treaty, with the participation of all Latin American and Caribbean countries.

ALADI [Latin American Integration Association] will proceed to ensure the legal instrumentation of this commitment within 90 days following the conference.

## 2. National purchases

Through integration structures, operational mechanisms must be set up making it possible to orient toward regional suppliers a significant percentage of national imports. These mechanisms must provide for a process of convergence and the participation of countries not part of any integration framework.

In this connection, measures such as the following will be considered:

- a. Bids will stipulate that, given equal conditions, the purchasing entity reserves the right to give preference to bids from Latin American enterprises.
- b. The purchasing entity reserves the right to request that the Latin American enterprise whose bid came in second place with another outside the region -- provided that the difference be less than 10 percent -- meet the conditions of the first-place bidder and thus allocate the bid to that enterprise.
- c. Bidding conditions may contain clauses favoring Latin American bids. Such clauses could include special payment formulas based on specific products or lists of products in predetermined periods.
- d. Latin American countries will explore possibilities of establishing agreements between themselves covering periods of several years and groups of projects not subject to bidding, but that do contain counterparts such as special payment formulas, specific actions in the industrial field or other elements.

## 3. Commercial negotiations

In the commercial negotiations carried out beginning in 1984 in order to conclude agreements between pairs or groups of countries, agreements of partial or regional scope will be used as provided in the 1980 Montevideo Treaty, with the participation of all countries in the region.

In such negotiations, special consideration will be given to the establishment of mechanisms making it possible to balance commercial trends between countries in the region and special attention will be given to the elimination of non-tariff barriers.

## 4. Joint utilization of Latin American purchasing power

The regional demand for capital goods will initially be taken advantage of for the following purposes: joint and more efficient purchasing on the international market; the continuation of Latin American industrialization; promotion of greater participation of regional enterprises in the supplying of equipment needed by Latin American and Caribbean countries through procedures such as those mentioned in the point on government purchases; and the promotion of regional exports to the rest of the world.

## II. Financing

### A. Mechanisms supporting the expansion of intra-regional trade

#### 1. Strengthening of compensation mechanisms

Reciprocal payment and credit agreements will be developed in the region and their interconnection will be promoted. For this purpose, the ALADI payment system will be expanded through the association of the Central American countries -- already underway -- and the incorporation of Caribbean countries, without failing to adapt the system to avoid distortion of trade and international payments that such an expansion might imply.

Central Banks will hold a special meeting in 1984 to formalize agreements needed for the purpose.

#### 2. Financing of compensation balances

Financial arrangements will be established to contribute to the increase in intra-regional trade and mechanisms will be created to attract outside financial resources.

For this purpose, consideration will be given to the incorporation of regional credit instruments or means of payment, including an accounts unit, whose creation, transfer and redemption could be related to terms of commercial negotiations attenuating imbalances in multilateral or bilateral trade.

Competent organs of ALADI, the Central American Common Market and the Caribbean Community will coordinate their technical actions in the process of perfecting their respective mechanisms of financing compensation balances.

#### 3. Balance of payment support

Measures will be taken so that the Central Banks of countries not yet part of the Santo Domingo accord will subscribe to it.

Central Banks belonging to that accord will take the necessary measures to facilitate such membership in order to expand the resources of the accord.

### B. International Financing

Representatives of countries in the region serving on multinational organizations will be instructed to present joint proposals on the following:

a. the increase in resources of the International Monetary Fund in keeping with needs of financial assistance to developing countries

b. the creation of special drawing rights in amounts compatible with the needs of international liquidity, considering the special payment difficulties of developing countries

c. compliance with the commitment to convert special drawing rights into international reserves

d. revision of criteria for setting Fund conditions, so that they will respond realistically to the special characteristics of the process of adjustment under conditions of a profound, prolonged and general economic recession and to the needs of development, so that the cost of the adjustment will be shared in a balanced manner by both creditors and debtors.

### 3. Foreign debt

#### a. Mechanisms for the exchange of information

Central Banks will be instructed that their regional and subregional branches are to exchange information on experiences with respect to negotiations of the foreign debt and in the course of 1984, to establish within the Center for Latin American Monetary Studies (CEMLA), a mechanisms for confidential information on the scope, terms and characteristics of such renegotiations.

#### b. Adoption of common criteria to guide renegotiating processes

- 1) Renegotiation should not imply any increase in the cost of the debt.
- 2) Rescheduling will include at least 4 years of payments.
- 3) Rescheduling must include a 4-year grace period for paying amortizations, with a total payment period of 20 years.
- 4) Countries in the region should not be required to make efforts signifying any reduction in per-capita income below 1983 levels.
- 5) Countries in the region will review their foreign trade situation in order to determine the percentage of their exports they can commit to paying service on the debt.

Whatever the case, an attempt will be made to maintain an adequate flow of additional resources in order to meet development needs and a volume of commercial credit sufficient to cover trade requirements.

### III. Food Supply

A. All nations in Latin America and the Caribbean participating in the conference will form part of the Action Committee on Regional Food Security (CASAR) of SELA [Latin American Economic System], at the latest within the six months following the signing of the final document of the conference, in order to establish and solidify the Regional Food Security System.

B. For the purpose of expanding intraregional commerce in basic food products, the following measures will be adopted:

1. Priority will be given to food trade in all actions considered by the conference with respect to the promotion of intraregional trade, including transport, financing, the elimination of barriers and the establishment of a regional tariff preference.

2. By 1984 at the latest, a regional information nucleus will be set up with the ability to predict possible shortages and promote regional trade. For this purpose, subregional integration arrangements will proceed to coordinate their action in this field.

3. A regional framework of cooperation will be set up between national food marketing units to facilitate the exchange of information and permit reciprocal operations.

C. The conference will also decide:

1. to invite all nations in Latin America and the Caribbean to join the Latin American Fertilizer Marketing Enterprise (MULTIFERT) and fully use its services.

2. to invite all Latin American and Caribbean countries to join the Latin American Organization for Fishing Development (OLDEPESCA), to ratify the constituent covenant within the shortest possible time and carry out the projects promoted by the SELA Action Committee on Ocean and Fresh Water Products.

#### IV. Energy Supply

A. Beginning in 1984, negotiations will be carried out aimed at achieving agreements for trading energy products for food, capital goods and services.

Participating in such negotiations will be national companies involved in energy, food exports and imports, capital goods and services and central banks.

It will be recommended that SELA, with the cooperation of ECLA and specialized regional organizations, promote negotiations on this point.

B. In 1984, national energy companies will meet to draw up a program of joint work enabling them to achieve greater technological autonomy and independence in the sector.

OLADE will initiate immediate action on the matter within the guidelines of the Latin American Energy Cooperation Program (PLACE).

#### V. Services

A. Before adopting new international commitments in the area, governments in the region will hold consultations so that such commitments will not hinder efforts of economic and social development or inhibit them from promoting regional cooperation on the matter.



2. Regional and subregional governments and organs will hold consultations in 1984 for the purpose of identifying specific areas considered favorable for the promotion of regional and subregional cooperation arrangements in the field of services.

C. Preferential treatment will be given to national advisory and engineering firms from Latin America and the Caribbean in the execution of national or multinational projects.

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## BRIEFS

NEW AMBASSADOR TO SOVIET UNION--Dr Bolivar Valladares has been named ambassador extraordinary and plenipotentiary of Ecuador to the Union of Soviet Socialist Republics, according to an announcement made by the General Information Directorate of the Ministry of Foreign Relations. Born in Quito, a graduate of the School of Law of the Central University of Ecuador who specialized in international law at the National Autonomous University of Mexico, Dr Valladares is a well-known career diplomat in the Ecuadoran Foreign Service, which he entered in 1949. He has served in Bolivia, Honduras, Haiti and the Dominican Republic. He was also consul general of Ecuador in Los Angeles. In the Foreign Ministry, he has held the posts of director of the Department of International Economic Policy, director of the Financial Department, director of economic coordination and promotion, director of international documents and organizations, legal technical adviser, adviser to international organizations, general director of international organizations and meetings and general director of the Foreign Service. He has represented the country at several international events and has been decorated by Bolivia, Cambodia and Ecuador in recognition of his valuable service. [Text] [Quito EL COMERCIO in Spanish 22 Dec 83 p A3] 11,464

FOREIGN RESERVES FIGURES--(ANE)--Foreign reserves totaled some \$163 million on 30 November, the last date on which figures were released. For purposes of calculation, the dollar was put at an average of 53 sucres. In sucres, monetary reserves totaled 8,690,700,000, 6,434,400,000 sucres less than on 31 October, a month previously. The monthly drop was 74 percent, despite income recorded with injections of new loans granted by the international banking system. Nevertheless, these new resources were used to return refunds to importers. The following figures show how Ecuador's foreign reserves have evolved since 1977 (in thousands of sucres): 31 Dec 1977, 14,257,789; 31 Dec 1978, 15,025,887; 31 Dec 1979, 15,773,063; 31 Dec 1980, 21,413,237; 31 Dec 1981, 14,071,645; 31 Dec 1982, 6,929,728; 31 Dec 1983, 8,690,769. Erosion of monetary reserves has been caused by the serious imbalances in the balance of payments due to the country's large debt, a debt whose payment this year meant nearly \$1 billion in interest alone. The government has had to continue going into debt to pay foreign exchange (reimbursements) to importers so that production is not forced into even further stagnation. [Text] [Guayaquil EL UNIVERSO in Spanish 21 Dec 83 p 2] 11,464

EGP'S MORAN ON CONTADORA GROUP, U.S. ROLE, INSURGENCY

Mexico City UNOMASUNO in Spanish 31 Oct, 2, 3 Nov 83

[Report on interview with Rolando Moran, commander in chief of the Poor People's Guerrilla Army--no date or place given]

[31 Oct 83 p 12]

[Text] Guatemala, 30 Oct. In the first part of an interview obtained by this newspaper, Rolando Moran, commander in chief of the EGP [Poor People's Guerrilla Army], one of the four political-military organizations that make up the URNG [Guatemalan National Revolutionary Unity], spoke of U.S. intervention in Central America, of the role that the revolutionary movement in the region plays in response to this intervention, and of the Contadora Group's effort -- "the only political-diplomatic alternative of recognized validity to prevent a regionalized war."

For Moran--51 years old and one of the most experienced revolutionary leaders of Latin America--"the Yankee intervention, including the armed intervention in Central America, is already a fact: the five countries are suffering from it."

"What has not yet happened is a direct invasion by the U.S. Army, an open unleashing of its great destructive power. However, since last June the massive presence of the U.S. Armed Forces in Central American territory, waters, and airspace is a damaging reality; the generalization of the interventionist war in Nicaragua, and more extensively against the revolutionary movements of the Central American countries, has become widespread, perhaps imperceptibly for international observers, but deeply and directly affecting the lives of our peoples," he explained.

A comrade in arms and companion of the legendary revolutionary fighters Luis Turcios Lima, Marco Antonio Yon Sosa, and Luis

Trejo, with whom he founded the first FAR [Rebel Armed Forces], Moran said that this intervention and the generalization of the U.S. warmongering actions in all the Central American countries as a consequence of this attitude "represent a great tragedy for Guatemala and the rest of Central America, a great sacrifice and a high cost in human lives; even for the rich," he said.

Hence, he said, the historic mission of the Central American revolutionary movement, which constitutes the vanguard of the peoples: to struggle against U.S. intervention wherever and whenever necessary, to reject it and defeat it." [quotation marks as published]

Moran said that the U.S. interventions are not a new phenomenon in Central America: "Our peoples have endured them on several occasions, since the middle of the last century. Our historical, economic, political, and social reality is to a great extent formed by this past. Our struggles against these interventions have definitely been struggles for national liberation."

That is why, he commented, "Yankee imperialism's intervention is unfortunately a factor that all Central American revolutionaries must bear in mind upon undertaking the struggle for our people's liberation and the building of their future. We all have the duty of exhausting all possibilities to prevent this intervention. However, if the imperialist forces do intervene, regardless of our desire, we all have the sacred obligation to fight until we victoriously repel them."

The top EGP leader then explained the current Central American context within which the Guatemalan revolutionary process falls, stating that "it very clearly and specifically falls within a level of direct confrontation with U.S. imperialist interests that sponsor the cliques of genocidal military officers and corrupt businessmen who hold power."

He indicated that, in view of U.S. geopolitical interests in Guatemala, the struggle of the Guatemalan revolutionary movement directly confronts the political-military strategy that the U.S. government has been outlining with increasing detail in the area.

"The strategic political-military design that the U.S. government, specifically the Reagan administration, has drafted for Central America since the victory of the Sandinist revolution involves two levels: the general objective for the area (which can be easily deduced as the overall defeat of the

revolutionary movement and the political and economic control of the area); and the specific objective within this overall plan for each of our countries. Therefore, as a natural reaction, we too should organize our strategies at those two levels," he said, referring to the process of revolutionary development in each of our countries and the increasingly close interrelation with the overall process in the region.

"We can no longer view the specific process in each country objectively, without seeing what is occurring in the rest of the area. The U.S. efforts to play one country against another and to ally armies and governments against the victorious Sandinist revolution and against the developing revolutionary movements, especially the Salvadoran movement, have conditioned and accelerated this process of interrelation and alignment. At this stage, no country or government in Central America is free from confrontation between revolutionary, popular, and democratic forces on one side and pro-government, repressive, mercenary, and interventionist forces on the other."

Therefore, for the EGP leader, the Central American revolutionary processes are increasingly intertwined. "The great revolutionary, popular, and democratic aspirations of our peoples inevitably clash with the Yankees' overall strategy."

The end of intervention in Nicaragua, the closing of U.S. military bases and the withdrawal of mercenaries in Honduras, the victory of the FMLN-FDR in El Salvador, the establishment of a revolutionary, popular, patriotic, and democratic government in Guatemala, and the recovery of national sovereignty in Costa Rica, "all these just, necessary, and objective demands and aspirations for which each of our peoples can struggle separately have become inseparable aspects of a common struggle," he said.

That is why, he warned, in order to impose its strategy, "imperialism and its local puppets will have to crush all the Central American peoples through open intervention. Although this alternative cannot be ruled out, it is increasingly risky for the United States, since no one can guarantee victory and a successful outcome would be impossible."

Moran then spoke of the Contadora Group and its efforts within the context of the escalation of intervention and the threat of a regionalized war. "We view its activity as an alternative for detente and negotiation in the face of a plan based on military solutions sponsored by the Pentagon. At this stage, it is perhaps the sole political-diplomatic alternative with

recognized validity and the only important option for viewing the Central American crisis in terms different from the Yankee concept of national security and the so-called East-West conflict."

[2 Nov 83, p 11]

[Text] Guatemala, 1 Nov. Relations between Mexico and Guatemala--which have not been good because of the Guatemalan military's continued rejection of the principles of self-determination and non-intervention which govern the Mexican state--"are going to become even more strained because of the pressures which the new government of Mejia Victores wants to intensify."

Rolando Moran--top leader of the EGP, one of the four organizations that make up the URNG, made this statement and reported that "in the border areas of the department of Huehuetenango a Death Squad is already being organized; one of its purposes is to bring terror to the Mexican side of the border, to assassinate refugees, and to cause provocations without any visible responsibility on the part of the Guatemalan authorities."

Moran claimed that the "disparaging" comments made by Mejia Victores about the Contadora Group are indirectly aimed against Mexico, and favor the reactivation of CONDECA [Central American Defense Council]. "Although clearly directed against Nicaragua, such comments also have anti-Mexican undertones," commented the revolutionary leader.

In the second part of his interview with this newspaper, the EGP commander in chief here analyzes the current situation of the Guatemalan army, its readiness and capability, and the morale of its troops, which are considered abroad to be the most professional in the area. In this regard, he said:

"The Guatemalan army has worked hard to create for itself an image of great capability and professionalism, both outside and inside Guatemala. It vitally needs such an image, since it is a military organization stigmatized by its betrayal of its people in 1954, and by its actions since then, as the torturer and scourge of its fellow citizens."

Moran said that since 1970, all the chiefs of staff, defense ministers, and presidents have been trained in academies and

training bases in the United States. They have hired and are still hiring U.S., Israeli, and Argentine advisers; they have built huge facilities, they have purchased modern weapons and established an arms and munitions factory. They have quadrupled the size of the military school and they have multiplied the numbers of military bases and zones all over the country, and they have made the army a financial agent by means of a military bank. They have given priority to "trying to keep up to date in the area of counterinsurgency tactics, since that is what their life depends on," he commented.

At the beginning of the 1970s--continued Rolando Moran--in line with the counterinsurgency doctrines prevailing in Pentagon circles, they established in the department of El Peten a base for training special antiguerrilla forces, called "kaibiles."

"These were elite troops, specially designed to counter guerrilla movements and, as they said, to wipe us off the map. In their training base they ostentatiously put up a sign saying: 'Here the best soldier in the Americas is trained.' These elite troops were subjected to a process of brutalization designed to destroy their conscience and to arouse degenerate instincts."

From these elite troops came the officers and soldiers who make a public display of devouring live animals and of assassinating with their bare hands. "That is how they show off their valor, their great preparation and professionalism. But in the end, the 'kaibiles' produced no military achievements, though they did escalate terror and genocide, brutality and bestiality."

"'Kaibil'--said the guerrilla leader--became synonymous, not with the word 'fighter,' but with the word 'assassin.'" The counterinsurgency plan using these special forces, the "kaibil" units, was changed, as it was found to be ineffective, he commented.

He also reported that the Guatemalan army is now working with the latest counterinsurgency plans, called "task forces" and "civilian patrols," thus trying to succeed where they failed in the past. "The task forces are independent units on a battalion level which have their own artillery, air, and logistic support groups. This is a North American concept which the Yankee advisers are applying in El Salvador."

Rolando Moran spoke of what they are doing, in thoroughly reorganizing the army, given the impossibility of halting the

revolutionary guerrilla movement. "This reorganization plan calls for the creation of a superministry, the General Staff of National Defense, which is to have five departments, one of which will be responsible for the military industry, which will handle arms manufacture; it will be installed with advice and financing provided by Israel."

These organizational and technical efforts, though they should always be taken seriously and should never be underestimated, said the guerrilla leader, "are nonetheless a facade covering up a military institution that is seriously corroded by its contradictions, undermined by the clash of rival factions, and demoralized by the lack of any real perspective."

The Guatemalan army, the prop of the dictatorships which have held power in Guatemala for almost 30 years, "is being drained." It is losing an average of 100 men a month in its counterinsurgency campaign, and it is becoming discouraged and resentful because of its frustration in not having been able to liquidate the Guatemalan revolutionary movement in almost 3 decades of fierce fighting, even including genocide.

The armed forces of Guatemala "are now suffering the effects of the war," said Rolando Moran. But, he continued, "the decay we are seeing inside the armed forces and its low morale have still not caused organic divisions or splits, or the formation of currents or trends within the army; the reactionary military institution was designed to serve as a docile tool in the hands of the oppressors. They control very rigid and powerful mechanisms within the army which impose cohesion by means of force and fear," he stated.

[3 Nov 83, p 13]

[Text] Guatemala, 2 Nov. Despite the countless killings, the "war of extermination," and the genocide which the government and army of Guatemala have waged against the civilian population and the guerrilla fronts, "they have not been able to sway the masses of our people, and they have not managed to weaken their support for the revolutionary movement."

Rolando Moran, commander in chief of the EGP, in this third part of his interview with UNOMASUNO, speaks of the Guatemalan



revolutionary movement united within the URNG, of its current situation, and of short and midterm prospects, as well as of the difficulties it has had to deal with.

"Counterinsurgency," he said, "has not been able to get the fish out of the water, as Rios Montt proclaimed, and as even our sympathizers abroad may believe. Despite the policy of extermination, the killings, the forced formation of the so-called Civilian Patrols, and the establishment of Strategic Hamlets, the enemy has not managed to destroy the masses' support for us."

He continued: "The enemy has massacred thousands of peasants, forced many more thousands to seek refuge in nearby countries, primarily in Mexico but also in Honduras and Belize; it has forced tens of thousands more to submit to a militarily-controlled concentration. That strategy was carefully worked out by the Pentagon's counterinsurgency experts during the 'dirty' war against the people of South Vietnam. They called it 'special warfare.'"

"They are repeating each of the steps they took in Vietnam here. But a year after starting, they have not been able to sway our people by means of terror, the most bestial form of terror known in the Americas. They have vaccinated our people against terror, and in exchange, the political cost they have had to pay is very high."

Rolando Moran founded the first and second FAR [Rebel Armed Forces] in the 1960s and the EGP in the beginning of the 1970s. He first got involved in the revolutionary struggle in 1949, when he was 17. Here he explains why he, like thousands of Guatemalans, decided to turn to arms: "One of the experiences I consider a turning point in my life came in June 1954, when I experienced moments of powerlessness, desperation, and rage, when all the people were clamoring for the arms they needed to defend their revolution, and the government refused to give them any weapons. There was the overthrow of the Arbenz government, the rout of the forces supporting that government, and the hunt that Castillo Armas started against all the popular and democratic sectors, under the guise of fighting communism. From that time on, it was clear to me that the people would not regain power unless they turned to arms."

A union organizer, student leader, and later a member of the PGT [Guatemalan Labor Party], Rolando Moran at the time of the Castillo Armas coup sought asylum in the Argentine embassy, along with 120 other people, including Ernesto (Che) Guevara,

with whom he was already on friendly terms. He then left for exile in Argentina, where he was jailed in Villa Devoto for being a "dangerous agitator." During the following years he worked for the student movement, traveled, got to know other revolutionary struggles, worked as a journalist, and in October 1959 returned to Guatemala to join the revolutionary movement in the ranks of the JPT [Labor Party Youth]. Later he served as a liaison between the Guatemalan Labor Party and the rebels of the 13 November movement, who included Luis Turcios Lima and Marco Antonio Yon Sosa.

Political differences arising from internal contradictions, exacerbated by the reverses suffered, led him to resign, first from the PGT, and later from the FAR. Later came the formation of the EGP with former FAR members. Today, as its top leader, he conducts a self-criticism and admits that among the difficulties which the Guatemalan revolutionary movement, particularly the EGP, has had to face in the last 2 years, "the majority were caused by our own mistakes and defects." "In 1981 and 1982 we made some serious mistakes, primarily about underestimating the enemy (both internal and external), and also in not creating in time the political and military structures we needed for the level of warfare being fought and for the development of our base force. We overestimated our capabilities," he admits.

Nonetheless, the force and strong roots of the EGP, which during that time were put to a severe test, enabled the organization to emerge "more united, tempered, and strengthened."

Today the situation of the Guatemalan revolutionary movement--based on one of the URNG's latest statements--its actions, and its development have shown up the Victory 82 campaign and Rios Montt's plans. Moran foresaw the impossibility of the reformist "maneuver." In analyzing the factors involved in this political process, he spoke of the certainty of the victorious course of the Popular Revolutionary War.

"The people who proclaimed, along with Rios Montt, that they had gotten the fish out of the water, are still not in power; they have no political role to play in Guatemala. However, we are still in the front line of the struggle, and we have ahead of us a great prospect of development."

This is shown, he said, by the failed offensives which the army launched against the URNG's guerrilla forces in July and August in Chimaltenango and El Quiche. In August and September 1983 the guerrillas conducted operations in the departments of Guatemala, El Peten, Suchitepequez, San Nancos, El Quiche, and

Huehuetenango. These operations included the occupation of hamlets, combat, strikes against enemy aircraft, the destruction of a small plane and damage to helicopters and other equipment. As a result, the army has been forced to recognize the "reactivation" of the guerrilla action, which they had announced had been eliminated.

"The most recent events, the desperation of the native 'gorillas' and of their Yankee sponsors reveal that apart from the revolutionary triumph, there is no other alternative for the future of Guatemala," he concluded.

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## ABSTENTION REPORTED HIGH IN SINALOA ELECTIONS

Mexico City UNOMASUNO in Spanish 7 Nov 83 pp 1, 5

[Article by reporter Ubaldo Diaz and correspondent Carlos Velazquez]

[Text] Culiacan, Sinaloa, 6 Nov--The Institutional Revolutionary Party tonight proclaimed itself the "virtual winner" in the elections for the 18 municipal chairmen and 23 local deputies. Meanwhile, the National Action Party [PAN] claimed victory in this capital and in the municipalities of Ahome, Mazatlan and La Concordia, while the Unified Socialist Party of Mexico [PSUM] declared itself the winner of the mayoralty races in Elota, Mocorito and Sinaloa de Leyva as well as some districts in Escuinapa and Choix.

There was also "a heavy abstention"; it was estimated that only 40 percent of the electorate exercised its right to vote. In Ahome, for example, approximately 60 percent of the citizenry voted, but in Culiacan only 50 percent went to the polls. And although there were no reports of serious acts of violence, it was reported that Noe Carrizosa, chief of police of Ciudad Juarez, Chihuahua, and Joel Cabanillas, chief of police of the city of Durango, were arrested for having attempted to assist the National Action Party during the balloting and subsequently were removed from the state by Maj Alfredo Ayala, chief of police of Los Mochis.

The PAN and PSUM also alleged dozens of voting irregularities as well as the arrest of representatives of both parties, especially in the municipalities of Ahome and Mazatlan.

When he showed up to vote in Culiacan a leading businessman, Manuel J. Clouthier, had a sharp altercation with the election officials, became violent, and was warned that he would be removed by the police if he persisted in his attitude of provocation.

For his part, the PSUM candidate for mayor of Culiacan, Audomar Ahumada Quintero, declared that his party will get between 15 and 20 percent of the votes and accused the State Election Board of "encouraging serious irregularities."

In his turn, the PRI representative Rafael Gamboa Cano declared--at a press conference held tonight--that "without trumpeting victory, we anticipate that we have won in all the municipalities and in all the districts that elect local deputies."

He accordingly denied that his party has lost the municipal chairmanships of Mazatlan, Ahome and Culiacan and announced that according to preliminary data the PRI is winning two to one. "This is the victory of the people of Sinaloa," he said, "who have declared themselves in favor of revolutionary continuity and have emphatically rejected the reactionary element--those entrepreneurs whose only aim is to seize political power."

He further stated that incidents did indeed take place in various districts, but described them as of small importance and said they will therefore not "alter the triumph of the PRI forces."

"Sinaloa," he continued, "despite the crisis, supports the policies of President Miguel de la Madrid and is opposed to those who wish to hold political power, who wish to add it to the economic power that they already hold so that they can multiply their business operations."

Gamboa Cano (who was accompanied by Carlos Loaiza Aguirre, chairman of the PRI state executive committee) agreed that "there was indifference among the voters," especially in the early part of the day, but said that voting was heavy from 1600 to 1800 hours.

He said the PRI had scored an across-the-board victory in Los Mochis, declaring that partial returns from 40 percent of the polling places show the vote running in favor of the PRI candidates.

He added that the PAN had adopted an attitude of provocation throughout the day, and charged that the PAN candidate for mayor of Culiacan, Jorge del Rincon, had made an appearance at a number of polling places to campaign for votes.

Gamboa Cano added that "on instructions from the PRI chairman, Adolfo Lugo Verduzco," there will be no retaliation or acts of revenge against any citizen after the elections.

The PRI representative said that in the municipality of Mazatlan--according to reports from 135 polling places--the vote results are running two to one in favor of his party.

He denied that the PRI had brought "dummy voters" in from the city of Monterrey and accused the PAN of "complaining like a whining old woman."

For his part the PAN candidate for mayor of Culiacan, Jorge del Rincon, accused the local election board of serious irregularities, as for example refusing to appoint the representatives of the opposition parties whereas more than 1,200 appointments were given to the PRI.

Moreover, the regional leader of the PAN, Zenen Xochihua, declared that in the municipalities of Mazatlan and Ahome there were "police brutality, persecution and attacks on the entire opposition."

He added that the municipal authorities in these cities have contributed to the creation of this situation and even accused Jose H. Rico, son of the mayor of Mazatlan, of intimidating the representatives of the opposition parties.

He declared that the old vices have returned, such as the theft of ballot boxes, ballot-box stuffing, intimidation, threats and persecution.

Gonzalo Altamirano Dimas, member of the PAN executive committee, said moreover that by 2100 hours they had received vote samples that showed their party to be winning in a number of municipalities. He added that the PRI had instructions to achieve a specified vote total "by whatever means at hand." "We knew we were going to win the elections," he said, "but unfortunately the primitive attitudes, the marauding activities, have surfaced again with the connivance of the state authorities in concert with the election boards."

Audomar Ahumada Quintero, the local PSUM secretary general, meanwhile declared that these elections were a little bit of everything except clean, inasmuch as it was the election entities that were the most guilty of tarnishing the elections by appointing more than 2,000 auxiliary polling-place officials who "stole the ballot boxes," and "in some cases made last-minute replacements of election officials, especially of chairmen of the local polling-place election boards."

He added that those in charge of monitoring the purity of the elections allowed only 15 PSUM representatives to serve as election officials at the 917 polling places installed in Culiacan, and in other instances did not deliver some appointments until Saturday night.

He cited returns that showed the PSUM to be the third strongest political force in the state, with the PAN coming in first in the voting.

Ahumada Quintero said that his party made great progress, in that it did well in the voting at the majority of the polling places. He voiced his confidence that his party will do even better in the results from the rural areas.

He charged that the voting was not secret, citing the fact that when he himself voted he was surrounded by five policemen of the municipal police force and the state judicial police force.

He branded the police intervention as an act of intimidation, which he said did not keep the PSUM supporters from going to the polls. He concluded by warning that if this election fraud is consummated in Sinaloa the will of the voters will have been definitely frustrated, and declared that the results should be released.

For his part, Sinaloa Governor Antonio Toledo Corro declared that "the prophets of doom who in the past have predicted that the elections would be marked by tension and violence were wrong." He said that according to reports received there was calm during the elections and that this fact exemplifies the democracy that we have in our country.

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PRI OFFICIAL: FOREIGN TIES DISQUALIFY PAN, PSUM

Mexico City EXCELSIOR in Spanish 8 Nov 83 pp 5-A, 31-A

[Article by correspondent Fernando Meraz]

[Text] Chihuahua, Chihuahua, 7 November--The alliance between the National Action Party [PAN] and International Christian Democracy disqualifies the PAN from participation in a coherent and serious national plan, and the PSUM [Unified Socialist Party of Mexico] is similarly disqualified by virtue of the link established between that party and the socialist blocs, it was asserted by Roberto Madrazo Pintado, PRI national executive committee representative in the state of Chihuahua.

"Such alliances," he said, "cause these parties to subject themselves to commitments established with international hegemonic blocs and thereby destroy their capacity to elaborate a national plan that will correspond fully to the special characteristics, history, and horizons of Mexico. The nation's destiny cannot be compromised by systems that seek to divide the world into areas of power and influence."

Madrazo Pintado acknowledged, however, that "it is absolutely essential to renovate the internal democratic structures of the PRI: to perfect the methods for the selection of candidates and especially in those municipal jurisdictions that are the foundation of the Mexican political system, so as to make those jurisdictions capable of functioning in the genuine interest of the majority sectors of the population.

"The PRI," he declared, "is the only party that can offer the people of Mexico an authentic national plan--born of the first social revolution of the century and based on the political and social structure established by the constituent assembly of 1917--that possesses a scope which will allow us to make the transition to a more egalitarian society fashioned as our own history has conceived it and as set forth in accordance with the Comprehensive Development Plan prepared by President Miguel de la Madrid.

Madrazo (whose father, one of the most forward-looking leaders of the PRI, in 1965 initiated within the party the first attempt to perfect the systems for selecting municipal candidates) stated that despite all of its historical deviations, the PRI is susceptible of change, based precisely on a revolutionary structure that implies constant change and dynamic adaptation to the needs of Mexican society.

"At this historic juncture," he said, "and regardless of whether we describe the circumstances as a series of municipal election victories by other parties or as a manifestation of popular discontent over an economic crisis that has not been adequately explained, the PRI is capable of self-change, of learning its lessons, of correcting its errors, and of correcting its course.

"One thing we can see clearly," he continued: "the PAN victories in Hermosillo, Chihuahua and Durango made it possible to design a political electoral program that was perfected in the Baja California Norte elections with a victory for the party--a program that will continue to make progress and will have change as a constant."

Pointing to what he regards as the priority needs of the PRI, Madrazo included reorganization of the local party structures. "At the present time," he said, "the sectional and municipal committees are disorganized and are without any work programs. For this reason we are restructuring their leadership cadres, with the democratic election of sidewalk and block leaders; this process will produce a PRI model that is reliable and genuine. The initial result will be an effective mobilization of the party.

"In the case of Chihuahua," he continued, "during the past 4 years the party had neglected those who traditionally do the work at the level of the rank and file. There came a time when many of these party workers had lost interest in collaborating with the party, while others had dropped out or moved and the leadership did not know what was going on. When the need again arose to have activists for an election campaign, the party faced a situation of which it had been unaware.

"Nor should we overlook the fact," he said, "that in these most recent elections the index of absenteeism was 56 percent--a circumstance which reveals that the program for getting out the vote had failed completely. At first glance we might say that the candidates--in conducting campaigns that were dissociated from each other and from the party itself--paid no attention to the get-out-the-vote campaign and regarded it as of no importance. Those who were in charge of planning campaign strategies were more concerned with being at the candidate's side--so as to ensure their own personal political future--than with recruiting supporters to help in getting out the vote.

"And what happened in Chihuahua," he said, "is only a sample of what took place in the other areas that we lost," he said in conclusion.

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## PRI PARTY DOCUMENT INCLUDES HARSH SELF-CRITICISM

Mexico City EXCELSIOR in Spanish 8 Nov 83 pp 4-A, 31-A

[Article by special correspondent Fernando Meraz]

[Text] Chihuahua, Chihuahua, 7 Nov--The economic crisis, the devaluations, the rising cost of living, the tax increases, and the scandals involving administrative corruption in the government are the principal factors that the National Action Party [PAN] has exploited--using clever political tactics--to obtain victory in the municipal elections in Chihuahua, Hermosillo, Durango and San Luis Potosi.

These arguments--combined with others such as new examples of election fraud, greater price increases, and new instances of corruption in the official sector--will be used as part of the strategy that the PAN will use in the election campaigns of Baja California Sur, Guerrero, Michoacan and Tamaulipas, with the support of major sectors of the Catholic Church and business groups. The above warnings are contained in an analysis drafted by the PRI National Executive Committee and embodied in a document distributed to all the state executive committees with a view to preparing an election counteroffensive.

This document (which includes severe self-criticism of the party) also states that "the organizational efficiency of our party--its ideological and electoral performance with respect to getting out the vote, developing campaign tactics and strategy, and conducting campaigns at the local level--must be profoundly revised."

Specifically concerning the PRI campaigns in Chihuahua and Durango, the document states that "in general, the candidates' disconnection from the views and feelings of the rank and file is manifest, and the mistakes made in the pre-selection and selection of the PRI candidates were obvious.

"These candidates," the document continues, "carried out personalistic campaigns without reference to party strategy. They were guilty of obsolete, stereotyped and ritual practices and of failing to deliver a genuine political message from the party with the conviction and courage necessary in order to counteract the arguments of the National Action Party and the other parties."

Whereas the PAN campaigns centered exclusively on pointing out the shortcomings and mistakes of the PRI and then offering the voters a "change" (in point of fact an ambiguous and arbitrary kind of "change"), none of the PRI candidates put up any effective defense of the present system. The text obtained by the EXCELSIOR reporter went on to state that these candidates refused to make any objective study of the economic crisis and attendant circumstances or any genuine evaluation of the underlying factors.

#### An "A Priori" Concept That Should Be Attacked

Expanding on its examination of the PRI campaigns in the districts lost by the party, the document declares that the simplistic and "a priori concept" to the effect that the nation's economic crisis is exclusively the product of the corruption of certain public officials "should be combated," and that it should also be pointed out that the business and clerical sectors have not been--and are not now--free from corruption of every type.

"In the urban areas," the document says, "the campaigns concentrated on the middle class and neglected the political activism of women and youth. The votes of the worker and peasant sectors were unwisely regarded as 'safe,' and the question of motivating and encouraging these sectors was disregarded."

In 14 pages, the text of the analysis by the CEN /National Executive Committee/ of the PRI studies the electoral successes of the PAN and concludes that they were due basically to the shortcomings and mistakes of the PRI. The analysis goes into specifics:

"Opportunism played a role. In the light of our failure to defend the system, the PAN exploited vulnerable flanks. Its propaganda concentrated on the corruption scandals, to the discredit of the PRI and the government. The central argument--which posed 'the national crisis as the cause of the official corruption'--met with no strategic response and had a substantial impact on the election results."

The document made the following recommendation to all the state executive committees: "We should seize the moment to attack--and minimize the effect of--this intentionally simplified argument with respect both to the corruption and to the crisis."

#### Widespread Dissemination of a Dual Image

Still another vicious tactic (the document says) was the intensive effort to propagate a dual image, namely, "The PRI is the defendant, and the PAN is the tribunal that judges, convicts, and proposes changes."

"Our mistake," the document acknowledges, "was that we did not unmask the entrepreneurial, clerical and proimperialist 'National Actionism' as the basic cause of the national crisis; that we did not brand it as morally unqualified to propound such a criticism; that we did not reveal it to be the sponsor and defender of the most elitist and reactionary interests; and that we did not call attention to its undeniable Sinarquista origins."

The document continues its analysis of the PAN campaign strategy, concluding that it is based on "the most orthodox of concepts with respect to 'marketing' techniques. An alleged 'change' was designed and sold to the voters so as to exploit the contrast between 'crisis' and 'change,' with 'change' being the position and option preferred by everyone."

The document notes, however, that this "change"--the product that was introduced on the electoral market--was in reality an undefined concept, and asks: "Change for whom?" This point was omitted from its "messages." Instead, an abstract kind of change was promoted, as a "transformation of moral values."

#### Economic Assistance to the Private Sector

Honesty, democracy, legality and morality were proposed as characteristics of the product thus introduced onto the market. All this was presented in the abstract, without making any definite commitment to specific groups, strata or sectors of society and without spelling out the specific means and strategies for accomplishing this "change."

The PAN solicited, as a logical "electoral market," those social groups most afflicted by the crisis and especially the middle class, women and youth, which in real terms have been genuinely impacted by the economic crisis. To this end, the principles of "marketing" were scientifically employed in a perfectly planned campaign embodying the psychology of selling; advertising strategies; public relations; and motivational techniques.

In contrast to the PRI methods, the PAN resorted on a grand scale to the use of the various media, employing simple, reiterative messages of great penetration; direct campaigning for votes on the street, in private homes, in business offices and in shops and stores; the selective use of the telephone; posters and leaflets of considerable effectiveness; and also the veiled use of church pulpits to aid in the formation of PAN currents of opinion--all heavily funded by the private sector.

The document states that a measure of technical-political support on the part of agents of the United States has also been detected. It further points out that although the PAN was indisputably victorious in the urban municipalities, the rural and subrural sectors remained in the PRI columns and were clearly impervious to PAN penetration.

#### PAN Victory Was Circumstantial

In enumerating its final conclusions, the document says that despite the circumstantial victory of the PAN there is no genuine political-ideological current of opinion representing that party. Those who voted for the PAN do not represent an organized force of uniform convictions, as is clearly indicated by the fact that in many instances the PAN candidates were PRI dissidents.

"The PAN victory," it declares, "was circumstantial; it was brought about basically by the manner in which that party exploited the crisis. People did not vote for the PAN; the voters voted against the crisis. In the face of the aggressive PAN penetration, the PRI did not respond with the appropriate political-ideological emphasis."

"A high degree of abstentionism--above 50 percent--was recorded. The immense majority of the voters lost by the PRI can be won back if the party will readopt its original political philosophy and if it fully honors its commitments to the people.

"Lastly, and within the strict sense of the ideology of the Mexican Revolution and of its constitutional expression, the objective is not to 'demonize' individual sectors; it is to have the public, social and private sectors--inspired by a nationalist and revolutionary spirit and under the direction of the state--fully assume their respective roles. The objective should be to counteract the strategy of the proimperialist entrepreneurial and clerical elite that the PAN represents."

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## CTM'S VELASQUEZ CALLS FOR REORGANIZATION OF PRI

Mexico City EXCELSIOR in Spanish 28 Nov 83 p 36-A

[Article by Alfredo Ibarra B.]

[Text] "We workers contemplate the present with optimism and have faith in the future and confidence in our institutions and in ourselves, because the working class plays an important role in the national consensus and is the most reliable and responsible class, as well as the one most capable of confronting all kinds of enemies, however powerful they may be," Fidel Velasquez, leader of the CTM [Confederation of Mexican Workers], has declared.

At the end of the Third Congress of the Sole Trade Union of Workers in All Branches of Construction, which was held in this city (Cuernavaca), and in the presence of Governor Lauro Ortega Martinez, the CTM leader added that "all workers are aware of the role they play in these difficult moments in the economic situation and in the face of social and political problems."

The sporadic victories enjoyed by opposition parties are due to the failure of the revolutionary sector represented by the PRI [Institutional Revolutionary Party] to behave as it should, and since we are discussing the subject, "we demand a new structure, new organization, will power and decisiveness and that, once and for all, the way be opened up for the Mexican Revolution to march steadily forward, as it should."

During the congress, at which Hubert Najera Giles, a deputy, was reelected leader of the union grouping all construction workers, the CTM leader pointed out that many union members lacked housing and that INFONAVIT [Institute of the National Fund for Workers Housing] ignored their needs.

Velasquez made an appeal for unity, solidarity, discipline and support for the fight being carried on by the CTM, as well as support for the government and PRI, "because they are the ones that have to deal with the situation in which we find ourselves."

He emphasized that the CTM's labor policy had not changed in any way. "We continue to carry on the class struggle, which frightens many people, but it is not we who invented it--rather, it is the consequence of the society in which we live and in which these classes exist," he said in conclusion.

## KOMSOMOL, NATIONAL YOUTH GROUPS ISSUE STATEMENT

Mexico City EXCELSIOR in Spanish 30 Nov 83 p 39-A

[Article by Rogelio Hernandez]

[Text] In a joint declaration, the youth organizations of the Soviet Union and the Institutional Revolutionary, Popular Socialist and Unified Socialist parties of Mexico declared that the installation of U.S. missiles in Europe and the attitude of the U.S. Government toward Nicaragua "undermines the possibilities for a constructive dialogue that would promote detente and disarmament."

The Soviet delegation also informed its Mexican counterparts that the people, party and government of its country support the objective of not being the first power "to use nuclear arms and also proposals to reach agreement on the prohibition of testing, producing and using chemical, bacteriological and radioactive weapons, as well as on the prohibition of installing nuclear arms in outer space."

The document, in which the Soviet youths manifested "their recognition of the progress achieved by the Mexican Revolution," was signed by Valentina Matvienko and Anatoliy Kanunnikov for Komsomol and the broader organizations of that country and by Jose E. Alfaro, Roberto Zamarripa and Juan A. Campos Vega.

At the end of the week of friendship, 23-30 November, between the youths of the two countries represented by these organizations, they agreed to issue a joint declaration asserting that "the core problem of our time is the maintenance of peace."

Similarly, the visiting delegation expressed its recognition of, and support for, the "active foreign policy carried out by the Mexican Government with respect to the Contadora Group initiative, which is helping to avoid a confrontation in Central America."

All the representatives signed a protest against, and condemnation of, the policy of the U.S. Government in Central America and, in particular, of its results in the invasion of Grenada, attacks on Nicaragua and events

in Honduras. They stressed that the only way to resolve these problems is by respecting the people's right of self-determination.

At a press conference held at the headquarters of the Popular Socialist Party, they presented the document jointly, but at a given moment, the Mexican organizations disagreed on whether or not to retain a line in which tribute was paid to the progress achieved by the Mexican Revolution on the occasion of its 73rd anniversary.

12336

CSO: 3248/285

## BRIEFS

MICHOACAN: PSUM, MRP ALLIANCE--The electoral alliance between the Unified Socialist Party /PSUM/ and the People's Revolutionary Movement (MRP) intends to obtain a large turnout at the polls in Uruapan, Michoacan, where it has simultaneously begun "a stern ideological battle against the Right," Henoc Pedroza Ortiz, chairman of the PSUM municipal committee, reported by telephone. The alliance also includes the local "2 October Revolutionary Union of Independent Organizations," a circumstance that ensures to this electoral front a broad social base. The Tarascan native Francisco Grano Hernandez, an active member of the MRP, has been nominated as candidate for the municipal chairmanship, while the PSUM and the aforementioned Union are represented on the ticket for multinominal trustees and councilmen. Pedrosa Ortiz reported that the PSUM has formed other alliances with independent organizations for the elections of next 4 December in Cuitzeo, Paracho and other localities, with the basic aim of "defeating the Right." /Text/ /Mexico City UNOMASUNO in Spanish 3 Nov 83 p 4/ 10992

CSO: 3248/211



## PAPER RAILS AGAINST SPECULATORS, BLACK MARKET

Managua EL NUEVO DIARIO in Spanish 14 Dec 83 p 2

[Text] It is no exaggeration at this point to claim that the supermarkets have become the main source of supply for hoarders.

In fact, despite the fact that those sales centers have adopted the system of not selling more than two units of a product per person, the speculators are sending several individuals, until they manage to monopolize a large supply of goods.

This has been happening for some time with items of daily use in Nicaraguan households, such as washing soap, milk for children, toothpaste, polishing paste, deodorants, etc.

These items are literally swept away in a matter of minutes by the speculators at the supermarket shelves, later showing up at the stands of the so-called Eastern Market black market, or in other markets, at prices that are doubled or tripled.

The height of this occurs when the "legal looting" of the hoarders takes place at the Ciudad Jardin supermarket, where they accrue that terrible profit of 100 or 200 percent, without even spending on transportation, because they only have to walk a few blocks to carry the goods to the Eastern Market.

The end result is that when the housewives arrive at the supermarkets seeking these items, they find the shelves empty; and faced with the peremptory need to purchase them, they have to succumb to the black market and pay the prices of bloodthirsty exploitation charged there.

We know that, in a country such as ours, with limitations of all kinds and marketing structures that lend themselves to speculation and stockjobbing, it is extremely difficult to control prices and achieve a suitable distribution of products, particularly when the state does not have the resources and techniques necessary to combat such irregularities.

Nevertheless, we believe that the state authorities should expend the greatest effort to curb this kind of speculation, which damages the popular economy so much; not only because, in this way, there is a disregard for the protection

that the revolution has been giving to the workers' real wages by means of subsidies, but also because there is a regrettable weakening of the state's effort to provide foreign currency on those levels to import some of the aforementioned items, which the public could purchase at fair, reasonable prices if it were not for the speculation.

We caution about all this to urge the competent authorities to do something about it; because freedom of enterprise and trade cannot be a license to swindle people with the wrongful action of speculators and stockjobbers.

Hence, sales systems should be found that will guarantee that the products will reach households at fair prices, at least in the category of those which the state imports or puts in the supermarkets even though they may be of native manufacture.

We do not wish to conclude this commentary without citing the case of the La Pinata Shopping Fair, which is about to open and which, incidentally, has been a victim of hoarders year after year.

2909

CSO: 3248/282

## BUTANE SHORTAGE LEADS TO LONG LINES AT DISTRIBUTORS

Managua BARRICADA in Spanish 15 Dec 83 pp 1, 5

[Text] BARRICADA was told yesterday by Comrade Jose Dolores Gomez, director of the Nicaraguan Petroleum Enterprise (PETRONIC), that only 90 percent of the national demand for butane gas (for cooking) is being met.

As a result, every day one observes lines at the gasoline stations distributing this product, or at the ENABAS [National Enterprise for Staple Foods] stations themselves, many of which are requiring the card supplied by the CDS [Sandinist Defense Committee] to sell the butane gas in the neighborhoods.

Two enterprises are engaged in supplying that product: Tropigas and Esso; with the former providing 70 percent and the latter 30 percent of the amount demanded in the country.

Gomez said that, essentially, the problem has occurred for various reasons: the problems involving the importing of crude oil and the sabotage of the oil pipelines in Puerto Sandino; as well as production problems faced by the refinery which produces much of the liquid gas in the country.

Despite the fact that the government is making efforts to recover the butane gas stocks, there is annoyance among the ranks of the population owing to the fact that "there is cronyism" at some stations. This is because, while most people line up starting at 0200 hours at dawn, the gas station managers or proprietors of grocery stores always keep in reserve cylinders of gas for their relatives or friends.

PETRONIC director Jose Dolores Gomez told BARRICADA that there is a butane gas shortage of 70 barrels per day (nearly 3,000 gallons); while Emilio Sequeira, the manager of Tropigas, stated that with the refinery's current production, at least the total demand in Managua could be met, something that is not happening, because many people in the interior section of the country are sending their cylinders to relatives who live in the capital to be filled with the product.

The PETRONIC director said that there is a problem in transporting butane gas to the departments, adding that the two companies selling the product are

using private transportation for that mission, which has been affected by the increases in the cost of the fuel.

In this connection, a study is being made of the possibility of increasing the subsidy for butane gas, because the consumer is still paying, and will continue to pay 71 cordobas per cylinder.

The PETRONIC director remarked that imports have doubled to cope with this existing shortage. The liquid gas comes from Guatemala, where the main office of the Central American Hydrogas Company is located, arriving there by ship from Mexico. It has to be transported to Nicaragua by land, because there are no facilities to receive it in any port.

#### There Was a More Critical Period

Compounding the cancellation of the arrival of ships from the multinational firm Esso, which used to carry the crude to the country, plus the blowing up of the Puerto Sandino oil pipelines, is the fact that the Esso Refinery stopped work for 12 days to engage in maintenance work. It also had to make stoppages on three occasions, because it lacked the minimal amount of crude oil required to process the liquid gas.

Gomez noted that, during the last quarter, there were periods wherein the stocks reached zero, as a result of the aforementioned situation.

#### A Solution: the Card

In a tour that reporters from BARRICADA made of several distribution stations, we found that people have to arrive at dawn in order to be able to grab a place in line, and in many places as early as 0800 hours in the morning they are given a number for the time when the gas distribution truck will arrive.

At Shell in the Central America Development, at kilometer 7 of the Northern Highway, and at a station in Villa Jose Benito Escobar (formerly Las Americas) we found many people who had up until yesterday been coming every day for a week to obtain gas. They also expressed concern that Shell will no longer be a gas distributor.

Some managed to buy it, while others had to return with the cylinders empty, or wait until the next day when the truck did not arrive (as was the case at Villa Jose Benito Escobar).

In this situation, many consumers remarked that one way of putting an end to the lines would be to sell the gas with the card used to purchase the staple grains provided by the CDS. This proposal is already being implemented in some districts. For example, in Villa Jose Benito Escobar, they sell the product only to residents of that district and of Villa Julio Buitrage (formerly Las Mercedes).

Moreover, while some complained that there are still incidents of cronyism, when the station proprietors keep the gas for their friends, others claimed that it was fair, because many people work and cannot be absent from their job.

# In Connection with Fuel

Comrade Gomez said that the problem with the refinery has been surmounted, because there is a good supply of crude and the scheduling of the ships arriving in the country has made it possible, during the last quarter of this year, to receive 1.14 million barrels of petroleum products, representing 100,000 barrels more than had been previously received.

Nevertheless, it has not yet been possible to meet the population's accumulated requirements, to which must be added the new demands for butane gas; because, as the statistics indicate, whereas in the past there was a need to import 84,000 gallons per month from Guatemala, now the orders have to be made on a weekly basis.

2909

CSO: 3248/282

## PIP CAPTURES 34 TERRORISTS IN CUZCO

Lima LA PRENSA in Spanish 6 Dec 83 p 12

[Text] Cuzco, 5 Dec--PIP [Peruvian Investigative Police] in this city confirmed today the capture of 34 individuals involved in acts of terrorism, among them, "comrade Amilcar," who directed treasonable operations in this administrative district. More than 500 dynamite cartridges, firearms, ski masks and a large quantity of subversive propaganda were confiscated from the persons detained.

It was reported that the treasonous group had set up two general headquarters in Tinta and in the Pischu Alto (Cuzco) quarter, where they planned the attempts they were to carry out.

In the house in Pischu Alto where Amilcar lived, police found 25 dynamite cartridges, 50 aluminum percussion caps for dynamite, a revolver, ski masks and propaganda inciting to armed conflict.

Among the attempts attributed to the treasonous group is the attack on the Civil Guard Post of Tinta in which a sergeant and a professor were wounded. The incident took place on 11 November.

According to the version supplied by the PIP, they also participated in the daubing of the ruins of Sacsayhuaman.

Among those detained were Feliciano Tapara, in whose home were found 280 dynamite cartridges, and Ulises Perez Guevara, 21, "comrade Mario," a native of Apurimac.

8089

CSO: 3348/150

## SHINING PATH TERRORISTS KILL MORE PEASANTS IN LA MAR

Lima LA PRENSA in Spanish 13 Dec 83 p 1

[Text] Ayachucho, 12 Dec--Another peasant massacre was perpetrated by the subversive delinquents of the Communist Party Shining Path, in which eight persons were slain, among them three local officials of the Community of Santa Carmen in La Mar province, located about 165 kilometers east of this city. This incident took place last Friday at noon and only today became officially known in Ayachucho.

In the meantime, day before yesterday, Saturday, a corporal of the Civil Guard, whose surname was Palomino and who had been taken prisoner by another terrorist cell in the locality of Paccha (La Mar), was probably executed since the treasonous rebels had sentenced him to death in what they call a "people's court." Another member of the Civil Guard, who succeeded in escaping from the encirclement in which he had been trapped by the terrorists, reported this incident and put his superiors in Tambo on the alert.

The Santa Carmen massacre was carried out by about 30 subversives dressed in Civil Guard uniforms. They appeared at noon under the pretense that they were police whose mission was to find out which individuals were against Shining Path.

When they had accomplished this purpose, the subversives lined eight peasants up and riddled them with submachine gun bullets. The coup de grace was administered with a revolver. Among the victims were Cirilo Zevallos, Florencio Huaman and Zacarias Rios (all official authorities) Leonidas Anasca, Emiliano Orozco, Victor Carrasco, Daniel Caza and another man whose surname was Cardenas. Then their bodies were stripped and thrown into a ravine.

8089

CSO: 3348/150

## INVESTIGATION OF EMERGENCY ZONE VIOLENCE URGED

Lima EL OBSERVADOR in Spanish 16 Dec 83 p 3

[Article by Hugo Vallenias: "Terrorism"]

[Text] The events of the last few days in the so-called emergency zone should cause us concern in a very special way.

The approximate statistics of the press agencies estimate the number of the victims of the war against terrorism at between 2,000 and 2,500. The monthly percentage that this figure produces may well have increased with the great number of violent deaths reported by the military authorities during the last three days.

## Mutilations

Besides the death of the father of General Adrian Huaman, attributed to Shining Path and then explained as a case of routine criminal activity, we have the indescribable murders of six young people found horribly mutilated in the Infiernillo zone of Ayachucho.

In addition to this, 100 or so presumed terrorists may have died in simultaneous confrontations with the specialized forces in small areas of the Acobamba and Angaraes zones. There is no report accompanying the information on these deaths to the effect that members of the police forces were wounded or slain.

Beyond the high number of deaths, of prime concern is the cruelty evidenced in several of these cases, which are always attributed by official sources to Shining Path.

## Disappearances

The young murder victims found in the Infiernillo were on the long list of persons who had mysteriously disappeared. The authorities give assurance that the disappearances are the result of political recruitment conducted by the guerrillas, but several groups of citizens and members of the families affected ascribe them to the police forces themselves.



Their bodies were found naked and bore marks of cruel torture and their genitals had been destroyed. Legal physicians state that the bodies show bayonet wounds and the marks of contusions inflicted with army weapons.

Political murder? Drug traffic? These are possibilities but there is much room for doubt. It would be hard for the drug traffic to gain a foothold in that region to which access is difficult and even more so when it comes to involving young people, who are hardly more than children and who come from modest backgrounds. And Shining Path is in the habit of conducting ritual executions, "people's courts," in the presence of witnesses and for purposes of revolutionary propaganda. The case of these young people does not fit into the picture presented by others which have been proven to be guerrilla executions.

Nor does the report of the murder of 100 or so persons in addition shed any light on the matter. Given the lack of details regarding the events and in view of the fact that the victims have not been identified, it is difficult to imagine how Shining Path hypothetically could risk open combat exposing 100 members of its fighting force, when its assault operations are typically very specific, involving only a few men and based on the element of surprise.

#### Pacification

The citizens have expressed at the polls their support of all those candidates who oppose militarization and the indiscriminate repression that rules in Ayachucho, Apurimac and Huancavelica. An initial concrete step toward putting an end to this disgraceful situation is the formation of a multipartite committee, with the participation of representatives of professional bodies and entities specialized in the matter of human rights, that will have full access to the so-called emergency zone, to investigate and explain all of these deaths. Public opinion has the right to assume that there exists another brand of terrorism: that of the state, the actions of which are of far greater danger.

To initiate these investigations is a task that must be carried out jointly by the parties of the opposition, in order that they may begin to take action as a great political force with a national scope. The proposal of this plan first originated with the United Left, but it is now the urgent business of everyone to put it into practice.

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END